

City of Grosse Pointe Woods, Michigan

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008

Prepared by the Office of the City's Finance Department

City of Grosse Pointe Woods, Michigan

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City of Grosse Pointe Woods, Michigan

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January 14, 2009

To the Honorable Mayor
and City Council
City of Grosse Pointe Woods, Michigan

The Comprehensive Annual Financial Report (C.A.F.R.) of the City of Grosse Pointe Woods, Michigan, for the fiscal year ended June 30, 2008 is submitted herewith, in accordance with provisions of Section 8.7 (Charter) of the City of Grosse Pointe Woods and the rules and regulations as put forward by the State of Michigan Department of Treasury. This report was prepared by and is the responsibility of the City's Finance Department. This document represents the official report of the City's financial operations to its residents, elected officials, employees, investment firms, banks and rating and regulatory agencies and other interested parties. The data as presented in the report is accurate in all material respects, is shown in a manner designed to clearly and fairly set forth the financial activity of all the various funds established and utilized by the City and that all disclosures have been included to enable the reader to gain the maximum understanding of the City's financial operations. The independent auditing firm of Plante & Moran, PLLC performed the annual audit of the City of Grosse Pointe Woods financial statements as required by the Michigan Department of Treasury and has issued its unqualified opinion here within.

Format

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. This narrative details the Financial Staff's letter of transmittal and introduces the reader to the City's financial background, the legal requirements expected and details of financial/economic events that occurred during the year and the impact that they had on the financial statements. It is important to note that this letter complements the Management Discussion and Analysis (MD&A), which is found in the financial section. The introductory section also includes the municipality's organizational chart and a list of principal officials. The financial section includes the MD&A of the basic financial statements and the combining and individual fund statements, schedules and accompanying footnotes to the financial statements, and most importantly the auditor's opinion on the financial statements and supporting documentation. The statistical section, which is unaudited, includes selected financial and demographic information, where practical, presented on a multiyear basis. Also included in the statistical section is selected information required by the United States Securities and Exchange Commission depicting necessary disclosures in regards to the 2003 Water and Sewer Revenue Bonds and the 1993 Water and Sewer Refunding Bonds.

This document consists of management's representations concerning the finances of the City of Grosse Pointe Woods. Consequently, Administration assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these presentations, City Administration has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To insure that the City's system of internal controls are providing the security that is needed the City's auditors are routinely consulted before any changes are made to the system and are requested to advise management of any improvements that would benefit operations. As Administration, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Reporting Entity

This report includes all funds for which the City's elected officials have operational and financial authority. This authority implies that the elected and administrative officials are legally responsible for establishing and implementing the fiscal policies and overseeing the financial management of the City. Where required, actual results of individual government funds are shown with its original/amended budgetary appropriations. This required disclosure allows the reader to compare the effectiveness of the administration to stay within the spending guidelines (budget) established by the City Council during the budget process and to disclose other variations that may occur during the course of the fiscal year

Legal Requirement

This report has been prepared pursuant to and in compliance with Michigan Department of Treasury regulations, which, in part, requires that an annual independent audit of the City's financial records of accounts and transactions be performed. The opinion by the City's independent auditor, Plante & Moran, PLLC dated January 14, 2009, on the basic financial statements and individual fund statements and schedules is included in the Financial Section of this report. A separately issued Single Audit Report previously completed for the Federal Grant Fund is no longer required under the Federal Single Audit Act. Total federal grant expenditures of \$14,318 were less than \$500,000, which is the minimum expenditure limit, needed to be subject to the regulations of the Single Audit Act. Due to the minimum amount of monies received by the Grant Program the City is designated as a sub-grantee and coordinates its program through the Wayne County Block Grant Program.

Consistent with previous years, the intent and responsibility of Administration is to effectively adhere to the fiscal policies and initiatives established by the City Council while remaining cost-efficient and responsive to the needs of the residents. Many of the financial policies and procedures established by the City Council are detailed in the City's annual budget. In accordance with the City Charter, the City Administrator will have presented his budgetary estimates of revenues and expenditures of all the City's funds (excluding Trust and Agency Funds and selected Special Revenue Funds) to the Mayor and City Council no later than the first meeting in April. These estimates are then forwarded to the City's Finance Committee, which performs a thorough review of the operational, financial and capital components of the budget. Upon completing this budget review along with recommendations, the budget is presented back to the Mayor and City Council for additional review and comments. The proposed budget document is formally approved by the Mayor and City Council no later than the third Monday in May. Throughout the course of the fiscal year the Finance Committee may review any significant changes to the original budget document as recommended by the City Administrator. Per the City Charter the Mayor and City Council must formally approve any proposed adjustments to the budget. This process allows the City to remain flexible to changes in the revenue and expenditure patterns that occur throughout the year as well as keeping the elected officials updated on the financial condition of the City. Following the passage of the budget, a summary of the completed document is made available to all residents, published in the local newspaper and annual City calendar.

The City's long-term financial stability as shown by the positive fund balance(s) in its major funds is the result of a strong and continuous commitment to fundamental principles of fiscal integrity accomplished by the following: (1) periodic reviews of budgetary and financial controls/policies by Administration and as well as the City's Finance Committee members; (2) long-term financial and capital planning with bench marks for optimal fund balance levels; (3) continued excellence in financial reporting; (4) adherence to the annual financing of its capital projects program; and (5) ongoing examination of the City's tax base both residential and commercial to ensure a continual focus on future projects and developments which strengthen and enhance the tax base. The City's ability to maintain a manageable debt burden has allowed the necessary financial resources to continue to provide a full complement of activities and services to citizens of the community.

The City's financial staff undertakes an annual review of its operating, technical and reporting systems. Whenever possible, progressive steps are continually taken to strengthen the City's set of internal controls to ensure that its assets are properly accounted for. Presently all of the principal functions of the City Treasurer/Comptroller's office are automated with members of the staff cross trained to operate the various operating systems of the department.

In developing and/or changing the accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition.
2. The reliability of financial records for preparing financial statements and maintaining accountability for assets and liabilities.

The concept of reasonable assurance recognizes that the cost of implementing a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. As demonstrated by the statements and schedules included in the financial section of this report, as well as the information provided with the management and discussion section the City continues to meet responsibilities for sound financial management.

Concurrent with the budget process, the City also prepares an annual infrastructure improvement program, which details all major expenditures (in excess of \$10,000) for all of the City buildings and equipment, and infrastructure needs. This comprehensive document allows for a detailed evaluation (by the Construction Committee) of current capital project priorities as well as for the continuous review of future objectives. Since implementing the program the City has expended in excess of twenty-eight million dollars on infrastructure improvements without having to increase millage rate or raise user fees to specifically finance these projects. During 2004-05 fiscal year the City finished the installation of the 5.3 million water line improvement financed by the issuance of the 2003 revenue bonds. During 2005-06 the City completely rebuilt Vernier Road from I-94 to Mack Avenue in cooperation with Harper Woods. During 2006-2007 the City received a combination of grant monies to resurface Mack North of Vernier Road. In 2007-08 the City was able to secure grant funding to continue road improvements on Mack Avenue South of Vernier.

Economic Condition (Property Tax Base)

The financial statements, as presented in this report, demonstrate the ability of the City Administration to effectively stay within the fiscal guidelines and policies as adopted by the City Council. One measure of the City Administration's effectiveness to deliver public services, while remaining cost-effective and responsive to current economic conditions, is to examine the relationship of taxable values to the adopted millage rates. The following table shows that over the past four years the total actual tax burden to the residents has increased on a per annum average of 3.3 percent. The taxable value for fiscal year 2007-2008 showed a \$20 million decrease from the previous year. This equates to a decrease of approximately 3.3 percent. This is a result of the economy being affected by the downturn in the automobile industry, which leads to a decrease in the number of permits and value of new construction over the past four years.

For several years, the most challenging issue facing all communities in the State of Michigan is the discrepancy that is arising between the actual value of houses, State Equalized Value (S.E.V.) versus the taxable value on which millage is applied. Since the passage of Proposal A, the 2007-2008 fiscal year marks the eleventh consecutive year the actual market values on property (state equalized value) were reduced for taxation purposes due to the limitations placed on property values by Proposal A. The voters of the State of Michigan in an effort to curb rising property taxes approved Proposal A on March 15, 1994. The proposal capped market value increases to the lesser of (1) change in the Consumer Price Index or (2) 5 percent if the C.P.I. increases over that percent. During the past year, the fair market values of property within the City excluding increases in new construction or home improvements decreased by 2.4 percent making it necessary for the City to tighten its budget for a second year.

Aside from reducing the market value on property that a community may levy a millage upon many communities are also facing the problem at being near or at their maximum charter millage amount. Due to another State Act (Headlee 1979), which in general impacts the available amount of millage a City may have available many communities are now in difficult financial positions due to compounding effects of both Proposal A and no longer having the ability to increase millage to original charter limits without first going to a vote of the residents. The City realizing the negative impact that the Headlee Act may place on the budget status of a community, and has been pro-active in structuring a budget to conserve remaining tax mills.

For the first time the City experienced a decline in taxable value, which is directly related to the State's economic decline. The decision to maintain the City's millage rate, even with the slight decrease in taxable value, demonstrated the City's ability to sustain an operating budget similar to previous years despite a minimal decrease in tax revenues. During the fiscal year 2007-2008 the 3.3 percent decrease in taxable value assessments, resulted in the need to utilize a portion of the prior year's fund balance to balance the general fund budget, which was impacted by double digit increases for building improvements, pension obligations, and healthcare.

Fiscal Years Ended June 30	Taxable Value	Millage Rate
2008	\$ 847,756,558	12.9897
2007	867,467,911	12.9897
2006	813,191,810	12.9897
2005	778,924,550	12.9897
2004	747,319,492	13.0300
	Fiscal Year 2006-2007 (as restated)	Fiscal Year 2007-2008
General Fund:		
Total revenue and transfers in	\$ 13,257,695	\$ 13,370,030
Total expenditures and transfers out	<u>14,198,984</u>	<u>14,061,773</u>
Excess of expenditures over revenue	(941,289)	(691,743)
Fund balance:		
Beginning of year	<u>4,674,366</u>	<u>3,733,077</u>
End of year	<u>\$ 3,733,077</u>	<u>\$ 3,041,334</u>

Property tax revenues for fiscal year 2007-2008 represented approximately 72.2 percent of the total amount of General Fund operating revenues of \$13,150,030 which was a 0.8 percent decrease when compared with previous years percent of 73.0 percent. With the taxable value of the City's tax base being 91.3 percent residential, Mayor/Council and Administration in order to reduce the impact taxes have on the residents, must continue to (1) find alternative revenue sources, (2) reexamine the services currently being offered to the residents, (3) prioritize services and programs currently being rendered to the residents (4) expand the scope of self insuring the City in several areas (worker's compensation, property and liability coverages and health insurance) and (5) Continue to explore opportunities to combine joint public services/capital purchases with the neighboring communities and (6) Re-examine the promise of the City's Post Retirement Health Care package.

In accordance with the City Charter the City may levy up to 20 mills. As discussed earlier, the Headlee Act, which amended the State Constitution in regards to property tax relief, has forced the City to roll back its 20 mills to 14.0492 mills. As of June 30, 2008 the City has 1.0331 of unused millage to finance future operations and infrastructure improvements. Recent tax legislation, which has been approved in both the Michigan House of Representatives and Senate, could further impact the City's millage levy. This legislation, in part, would result in immediate or phased-in tax exemption of all or a portion of the personal property located within the City. Also, with economic concerns regarding the State's financial position the City is once again facing a possible reduction in its State Shared Revenues. With the State's economy still facing severe financial problems, the City will have to further tighten its General Fund budget to stay within its revenue base.

The Administration is deeply concerned with the impact that the depressed housing market will have on real/personal property assessments within the community and the compounding effect it will have on tax revenues to finance City operations. With the voter's approval of Proposal A, market/inflationary assessment increases have been capped and property taxes held in check on residential properties. The formula used to compute State Sales Tax monies distributed back to the municipalities was amended by the legislature in 1998. The law now categorizes sales tax distributions as either statutory or constitutional distributions. The constitutional portion of the distribution can only be amended by a general vote of the people. However, the statutory portion can be amended by the State's legislature. With the state's economy still being severely impacted by the downturn in the automobile manufacturing sector local governments will have to continue to lobby their State Representatives that any further reduction in the statutory distribution of revenue sharing dollars will have a drastic impact on their operating budgets.

Administrative Summary/Major Initiatives

During the preparation of the 2007-2008 annual budget, the Mayor and City Council emphasized several areas for the Administrative Officials to concentrate their efforts on. As shown below they were.

1. Initial implementation of a restructured health care plan for non-union employees,; unionized employees are currently in negotiations.
2. Review of the Capital Improvement Program.
3. Implementation of new financial software.
4. Increase usage of Information Technology.

After many years of providing a standard health care plan for all full time and retired employees the City, in response to G.A.S.B. mandates in accounting for these benefits, is in the process of reviewing and restructuring these health care plans. Negotiations continue to be underway with all four (4) labor unions. An important concern for the City is to have an attractive health plan while being cognizant of future liability impact and the depiction on June 30, 2009 financial statements. Three of the four unions have settled their contracts by the time of this letter.

Several years ago the Administration developed a comprehensive listing of all infrastructure within the City. In doing so, the City was able to determine the financial resources required to maintain this infrastructure on an annual basis. To date, the Elected Officials have continued to dedicate several million dollars annually to maintain the City's infrastructure, without the necessity of having to issue additional debt or increase millage. This undertaking is most impressive when considering the continual decrease in State Shared Revenues and the fiscal impact that Proposition A and the Headlee Act have had on property taxes. The City, in consortium with neighboring communities, is also studying the feasibility of purchasing water from Grosse Pointe Farms instead of the City of Detroit Water and Sewage Department. Also under consideration is the construction of water storage tank to reduce the peak hour and maximum day demands, which will translate into more stable usage rates.

In working to keep current with continuing technology changes now occurring, the City has made a strong commitment to invest in upgrading information technology. Not only are all departmental employees of the City now utilizing technology to perform their everyday activities but are also required to participate in additional training to become more creative and productive in their use of technology. Over the past couple of years, the City has concentrated on expanding the usage of its Geographic Information System (G.I.S.) that allows employees and citizens alike the ability to obtain a wide variety of data on a parcel(s) of property, located anywhere in the City. In addition, the City Comptroller's department has converted to an on-line banking system along with an automated check deposit capability. These additions have streamlined banking transactions and improved cash flow.

The City's full-time labor force as of June 30, 2008 included 101 full-time employees, 20 permanent part-time and approximately 150 seasonal employees. The City had multi-year contract agreements that were expired at the end of fiscal year 2007-2008. Three of the four agreements were ratified by October, 2008.

As always, the City's highest priority is to continue to provide residents the highest level of public services while operating within approved budget parameters. As expected the operational costs of many of these services and programs have increased; however, the City has, whenever possible, managed to keep such increases to a minimum. The City once again realized a cost reduction in its workmen's compensation insurance coverage, general liability and property insurance. The City implemented a change in the administration of non-union healthcare, which resulted in a cost savings while maintaining the same level of benefits. This will be the model used in union negotiations. In cooperation with elected officials, the City has been able to maintain an infrastructure improvement plan. The City in consortium with other surrounding communities has also been working to minimize the effect of rising water and sewer rates. However, the City had to once again increased rates, which on average amounted to a 13.9 percent increase.

Future Outlook

The City continues to retain its status as both a well respected and one of the most desired areas to live in Southeast Michigan. Elected Officials, Administration and the members of the various committees and commission are always looking at innovative and productive ways to maintain the viability of the commercial district, repair and update infrastructure, retain residential home values and still attract younger families to reside in the community. The challenge to the City is to continue to provide a multitude of public services, while complying with increased Federal and State regulations, financing an operating budget with both property tax dollar restrictions (Proposal A) and a State economy that has yet to recover from prior years recession. Over the past several years the City has placed an emphasis on the planning, re-zoning and re-assessment of both its residential/commercial property given the necessity to provide an increase in tax base. To assist the administration in this endeavor, the City has utilized the services of a professional planner as well as providing its assessor G.I.S. capabilities. Interaction and greater long-term planning with the various proprietors in the commercial district will have to increase if the existing establishments are to retain a viable resource and vacant properties are to remain attractive to potential entrepreneurs. For many years the City has worked with other surrounding communities to provide emergency ambulance services, rubbish removal, health insurance and recreational activities and police communication/dispatch. But as the availability of the property tax dollar erodes the City will need to continue attempts to increase its interaction with neighboring communities to seek alternative solutions to such issues as infrastructure replacement, equipment purchases, labor agreements and the staffing of day to day operations.

Sincerely,



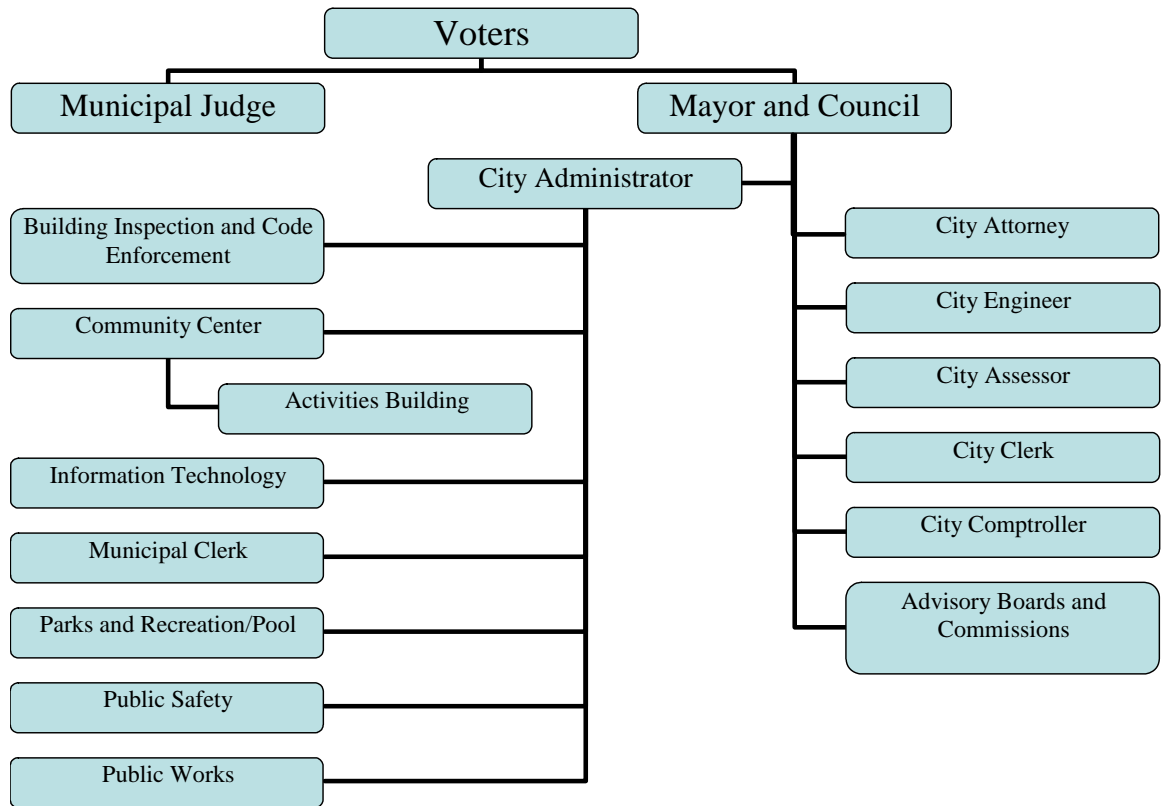
Mark Wollenweber
City Administrator



Dee Ann Irby
City Treasurer/Comptroller

City of Grosse Pointe Woods, Michigan

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Grosse Pointe Woods
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



Charles S. Cox

President

Jeffrey R. Enen

Executive Director

City of Grosse Pointe Woods, Michigan

List of Principal Officers Year Ended June 30, 2008

Elected Officials

Mayor	Robert E. Novitke
Council Member	Allen G. Dickinson
Council Member	Victoria A. Granger
Council Member	Arthur W. Bryant
Council Member	Joseph E. Sucher
Council Member	Lisa Pinkos Howle
Council Member	Peter N. Waldmeir

Administrator's Office

Administrator	Mark Wollenweber
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Clerk's Office

Clerk	Lisa K. Hathaway
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City Comptroller/Treasurer's Office

Treasurer	DeeAnn Irby
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City Assessor

City Assessor	Kathleen Paul
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City Attorney

City Attorney	Don R. Berschback
City Attorney	Chip Berschback

Municipal Judge

Municipal Judge	Lynne A. Pierce
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City of Grosse Pointe Woods, Michigan

Fund Organization Chart Year Ended June 30, 2008

Fund Name	Fund Number
<u>GOVERNMENTAL FUNDS</u>	
General Fund	101
Special Revenue Funds	
Major Street Fund	202
Local Street Fund	203
Ambulance Fund	210
Act 302 Training Fund	211
Solid Waste Disposal	226
Grants Fund	245
911 Emergency Service	261
Drug Enforcement	265
Parkway Beautification Fund	205
Cable Franchise Fund	206
Debt Service Funds	
Grosse-Gratiot Drain Fund	365
2005 Park Refunding Bond	303
Capital Projects Funds	
Municipal Improvement Fund	401
2006 Park Bond	405
<u>PROPRIETARY FUNDS</u>	
Enterprise Funds	
Water and Sewer Utility Fund	592
Parking Utility Fund	585
Boat Dock Rental Fund	594
Commodity Sales Fund	598
Internal Service Funds	
Motor Vehicle Fund	640
Workers' Compensation Fund	632
Management Information System	650
<u>FIDUCIARY FUNDS</u>	
Trust and Agency Funds	
Pension Fund	731
Supplementary Annuity Fund	732
Retiree Health Care Fund	708
Wayne County Tax Fund	703
Cash Bond Escrow Fund	702

Independent Auditor's Report

To the City Council
City of Grosse Pointe Woods
Wayne County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Woods, Michigan as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Grosse Pointe Woods, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Woods, Michigan as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the City Council
City of Grosse Pointe Woods
Wayne County, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grosse Pointe Woods, Michigan's basic financial statements. The management's discussion and analysis, pension system schedule of funding progress, and the budgetary comparison schedules, as identified in the table of contents, are not parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical and continuing disclosure sections, as identified in the table of contents, are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The budgetary comparison schedules and other supplemental information have been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis and pension systems schedule of funding progress, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical and continuing disclosure sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Plante & Moran, PLLC

January 14, 2009

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis

Financial Highlights

The following represents the most significant financial highlights for the year ended June 30, 2008:

- Total FY 2007-2008 General Fund revenues were approximately \$784,000 over FY 2006-2007 revenues. Increased revenue was due primarily to the reclassification of prior year property tax administration fees, interest, and penalty. Although the City experienced a decline in taxable value, property taxes continue to be the largest and most secure source of revenue.
- State-shared revenue, despite dramatic cuts over the past several years, remains our second largest revenue source. During the City's FY 2007-2008 fiscal year, state-shared revenue increased \$10,000 when compared to FY 2006-2007.
- Licenses/permits revenue remains constant; however, the direct cost of operating the building department increased \$33,000 over the previous year.
- Revenues from District Court fees and fines are stable. Although we experienced a decline in new tickets issued, the Court was very firm in following its collection policy. By fiscal year end, all public safety contracts were under negotiation.
- General Fund expenditures for FY 2007-2008 were up approximately \$218,000 from the previous year. The majority of the increase, about \$505,000, represents an increase in health care and required contributions to the pension and supplemental annuity funds. This increase was offset by \$287,000 of reductions in parks and recreation and the transfers to the Motor Pool Internal Service Fund for the purchase of public works and public safety vehicles.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

The fund financial statements present a short-term view; they tell the reader how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

The City as a Whole

The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year (in millions of dollars):

Summary Condensed Statement of Net Assets:

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Assets						
Current assets	\$ 10.7	\$ 10.3	\$ 1.7	\$ 1.9	\$ 12.4	\$ 12.2
Noncurrent assets:						
Restricted assets	0.1	0.1	0.5	0.5	0.6	0.6
Capital assets	29.1	30.7	22.9	23.7	52.0	54.4
Total assets	39.9	41.1	25.1	26.1	65.0	67.2
Liabilities						
Current liabilities	3.0	2.5	0.4	0.5	3.4	3.0
Long-term liabilities	9.0	7.8	5.1	5.0	14.1	12.8
Total liabilities	12.0	10.3	5.5	5.5	17.5	15.8
Net Assets						
Invested in capital assets -						
Net of related debt	20.6	24.2	17.6	18.6	38.2	42.8
Restricted	2.0	1.9	-	0.5	2.0	2.4
Unrestricted	5.3	4.7	2.0	1.5	7.3	6.2
Total net assets	<u>\$ 27.9</u>	<u>\$ 30.8</u>	<u>\$ 19.6</u>	<u>\$ 20.6</u>	<u>\$ 47.5</u>	<u>\$ 51.4</u>

The City's combined net assets increased \$3.9 million from the prior year. Increased assets within the governmental activities are due primarily to increased infrastructure improvements.

Total liabilities in the governmental activities decreased about \$1.7 million in FY 2007-2008. The City continues to reduce debt associated with the Milk River Drain debt and Water and Sewer System rehabilitation projects.

Overall, City debt remains low. The City utilizes just 3.14 percent of the allowable legal debt margin subject to limit.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the City's major revenue and expenses as a whole, for both the governmental and business-type activities (in millions of dollars). The bottom of the table shows the changes in net assets during the current year in comparison to the prior year.

Total revenue for governmental activities increased \$0.8 million (4.2 percent) from fiscal year 2006-2007. Total expenses decreased \$0.5 million (2.9 percent). The majority of the decreased expenses pertain to the decreased transfer to the Internal Service Fund, Motor Vehicles, for the purchase of vehicles.

In the business-type activities, revenues were up \$0.6 million and expenses were up \$0.2 million. The increase in expense is related to an increase in the repair of water and sewer lines in the current year.

Summary Condensed Statement of Changes in Net Assets (presented in millions of dollars):

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Revenue						
Program revenue:						
Charges for services	\$ 1.4	\$ 1.6	\$ 5.1	\$ 5.1	\$ 6.5	\$ 6.7
Operating grants and contributions	1.0	0.9	-	-	1.0	0.9
Capital grants and contributions	-	-	0.1	0.7	0.1	0.7
General revenue:						
Property taxes	15.2	15.5	-	-	15.2	15.5
State-shared revenue	1.7	1.6	-	-	1.7	1.6
Unrestricted investment earnings	0.2	0.7	0.1	0.1	0.3	0.8
Cable franchise fees	0.2	0.2	-	-	0.2	0.2
Transfers	(0.8)	(0.8)	0.8	0.8	-	-
Total revenue	18.9	19.7	6.1	6.7	25.0	26.4
Program Expenses						
General government	2.5	2.7	-	-	2.5	2.7
Public safety	6.5	6.1	-	-	6.5	6.1
Public works	4.1	3.9	-	-	4.1	3.9
Solid waste	1.4	1.5	-	-	1.4	1.5
Recreation and culture	2.4	2.1	-	-	2.4	2.1
Municipal improvements	0.2	0.3	-	-	0.2	0.3
Interest on long-term debt	0.2	0.2	-	-	0.2	0.2
Water and sewer	-	-	5.0	5.2	5.0	5.2
Parking	-	-	0.3	0.3	0.3	0.3
Boat dock	-	-	0.1	0.1	0.1	0.1
Commodity sales	-	-	0.1	0.1	0.1	0.1
Total program expenses	17.3	16.8	5.5	5.7	22.8	22.5
Change in Net Assets	\$ 1.6	\$ 2.9	\$ 0.6	\$ 1.0	\$ 2.2	\$ 3.9

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities

The City's governmental revenues totaled approximately \$19.7 million, with the greatest revenue source being property taxes. Property taxes make up approximately 79 percent of total governmental revenue. That percentage is up from approximately 72 percent of total governmental revenue in fiscal year 2006-2007. Property taxes continue to be a secure revenue source for the City. This secure source is combined with a constant revenue source in both state-shared revenue and district court fees and fines.

Although the City relies heavily on property tax revenues, the City still maintains a relatively low millage rate compared to similar-sized communities. The property tax rate assessed is about 1 mill below the maximum amount permitted under the Headlee Act.

Total governmental expenses for the City were approximately \$16.7 million. This is down by \$0.6 million from fiscal year 2006-2007. As in most municipalities, labor cost makes up the greatest portion of the budget. In fiscal year 2007-2008, the City had one unsettled labor agreement.

Business-type Activities

The City's business-type activities consist of the funds for water and sewer, parking utility, and boat dock. Aside from maintaining a well-funded infrastructure program, the City, in consortium with its surrounding cities, has been able to negotiate with the members of the City of Detroit's Water and Sewerage System a rate structure that will keep rate increases below what it has paid in previous years.

Water and Sewer Utility System revenues are primarily from fees paid by customers based on use. User fees make up approximately 86 percent of all business-type revenues.

The business-type activities expenses totaled approximately \$5.7 million in fiscal year 2007-2008. A total of \$3.0 million is collected from customers and paid to the City of Detroit for water and sewer treatment. As in the governmental activities, a large portion of the expenses is labor related. In fiscal year 2007-2008, the Water and Sewer Fund had eight full-time employees.

The City's Funds

An analysis of the City's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City created funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The City's major governmental funds for fiscal year 2007-2008 include the General Fund, the Major Street Fund, the Local Street Fund, the Cable Franchise Fund, and the Grosse-Gratiot Drain Fund. The City's major business-type fund is the Water and Sewer Fund.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

General Fund

The General Fund pays for most of the City's governmental services. The two largest services funded by the General Fund are public safety (combined police and fire services) and public works. The General Fund transferred approximately \$1.87 million to the Local and Major Street Funds.

Other major activities in the General Fund include recreation and culture, solid waste, and all general government administrative and services operations. Some of these activities rely on fees for services to help offset costs and some do not generate any significant service-related revenue. Many of these activities rely heavily on property taxes and state-shared revenue to subsidize their operations.

In fiscal year 2007-2008, the General Fund's fund balance decreased by approximately \$692,000. This decline was the result of increased funds for the required contribution to pension and supplemental annuity funds, as well as an increase in health care for active employees and retirees.

The City's General Fund's year-end fund balance is approximately \$3.0 million. This amount represents approximately 22 percent of fiscal year 2007-2008 annual expenditures and net transfers to other funds. This level of fund balance is above the recommended level of between 10 percent and 15 percent of annual expenditures; however, with a declining tax base, it is essential for future operations.

Major Street Fund

The Major Street Fund accounts for the maintenance and replacement of all major streets within the City. Financing is provided by distribution of gas tax proceeds. Major revenues include \$240,000 from the City's General Fund, \$227,000 from the Grosse-Gratiot Drain Fund, and \$636,000 in gas and weight tax revenue. Over the fiscal year, the Major Street Fund's expenditures exceeded revenues by approximately \$230,000.

Local Street Fund

The Local Street Fund accounts for the maintenance and replacement of all local streets within the City. Financing is provided by distribution of gas tax proceeds. Major revenues include \$1,629,000 from the City's General Fund and approximately \$261,000 in gas and weight tax revenue. The department receives a small amount of its revenue from fees, other state funding, special assessment, and interest on investments.

Over fiscal year 2007-2008, the Local Street Fund balance increased by approximately \$7,500. This slight increase is primarily due to an increased transfer from the General Fund.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

Cable Franchise Fund

The Cable Franchise Fund was established to invest the proceeds from the sale of the City's interest in a cable company's earnings used for capital improvements. In fiscal year 2007-2008, the fund did not receive any interfund transfers.

The Cable Franchise Fund's fund balance decreased by approximately \$975,000, which is primarily attributable to paying off the bond anticipation notes.

Grosse-Gratiot Drain Fund

The Grosse-Gratiot Drain Fund is used to accumulate resources for payment of the Grosse-Gratiot Drain improvements financed by issuance of debt. The fund derives revenue from property taxes of approximately \$3,685,000 in fiscal year 2007-2008. Expenditures primarily related to drain assessments of approximately \$990,000 and debt service of approximately \$1,221,000. The Grosse-Gratiot Drain Fund transferred \$1,236,000 to other funds, primarily for use with infrastructure improvements.

This Grosse-Gratiot Drain Fund's fund balance increased approximately \$197,000, which was mainly due to property taxes.

Water and Sewer Fund

The Water and Sewer Fund continues to maintain a healthy amount of working capital. Because revenues are derived from user fees and fees are adjusted periodically to cover expenses, the fund is relatively secure. Unlike the governmental activities of the City, the Water and Sewer Fund does not rely on tax dollars and state aid for its financial well-being.

Water and sewer rates have remained consistent, with only the cost of fee increases imposed by the City of Detroit Water and Sewerage System being passed on to customers.

Increasing labor costs, higher standards being placed on the system by both the federal and state governments, and the need to repair and maintain an aging system require the City to continually monitor revenues and expenditures to ensure revenues remain at an adequate level to support the required expenditures of the systems.

General Fund Budgetary Highlights

The City's General Fund began fiscal year 2007-2008 with an aggressive construction schedule along with consistent staffing levels. With four open labor contracts and threats of further state-shared revenue cuts, the City's original fiscal year 2007-2008 budget projected a \$12,000 decrease in fund balance. The planned reduction was primarily due to cost of infrastructure improvements along one-third of the City's main thoroughfare, Mack Avenue.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

General Fund actual revenues for fiscal year 2007-2008 were \$170,000 below projected figures. The projected revenue from license and permit fees was \$194,000 below projections and the projection for delinquent tax collection fees exceeded the budget projection by \$45,000. The primary reason for the dramatic decline in the building department permit revenue was related to the overall decline in our economy and high unemployment.

Efforts to hold the line on expenses during fiscal year 2007-2008 were relatively successful at the program level, but healthcare reserve requirements dramatically increased. In total, fiscal year 2007-2008 fringe benefit expenditures were \$770,000 over budget.

Capital Asset and Debt Administration

The City continued to invest in capital assets during fiscal year 2007-2008, as well as reduce its debt obligations. Overall, the City debt remains low. The City utilizes just 3.14 percent of the allowable legal debt margin subject to limit. Detailed information on the City's debt can be found in the statistical section of this report, in the debt capacity and direct and overlapping debt schedules. For more information regarding the activity of capital assets and debt, please refer to Notes 4 and 6, respectively.

Economic Factors

There are several economic factors that challenge the City. These items include revenue sharing, health insurance, pension cost, and state laws limiting the growth in property taxes. The 1978 Headlee Amendment and Proposal A, which passed in 1993, both limit property tax increases to the rate of inflation. Headlee requires a rollback in the overall millage rate if total property values grow at a rate higher than inflation. Proposal A limits increases in individual property tax assessments to the rate of inflation.

The City has experienced modest new growth over the past decade. This has resulted in some new taxable property values. Growth in the City has slowed recently as the availability of vacant land has diminished. Most future growth will be in the form of redevelopment. Because property taxes are the key source of City revenue, efforts to promote redevelopment are crucial.

The City must continue to provide a safe environment with high quality of life services in order to maintain a healthy tax base. The dynamics of Proposal A allow taxable property values to increase back to 50 percent of assessed value once a home is sold. An attractive housing market and new construction growth will help the City to overcome some of the restrictions of Proposal A and the 1978 Headlee Amendment.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

The City will soon be required to recognize the cost of retiree health care and other non-pension postretirement benefits over the working life of the employee, rather than at the time the healthcare premiums are paid. A new Governmental Accounting Standards Board requirement (GASB 45) will require the City to calculate and report an actuarial determined annual liability for providing postretirement benefits other than pension in the future. A strategy will need to be developed to properly recognize and fund the financial burden of commitments made to current and future retirees.

Contacting the City's Management

This financial report is intended to provide citizens, taxpayers, customers, and investors with a general overview of the City's finances and demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact the city administrator's office at (313) 343-2450.

City of Grosse Pointe Woods, Michigan

Statement of Net Assets June 30, 2008

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Cash and investments (Note 3)	\$ 9,123,437	\$ 606,702	\$ 9,730,139
Receivables:			
Taxes	3,203	-	3,203
Customers	74,306	976,729	1,051,035
Accrued interest	103,793	888	104,681
Due from other governmental units	656,898	407,320	1,064,218
Other	92,960	39,779	132,739
Internal balances (Note 5)	90,061	(90,061)	-
Restricted cash (Note 1)	120,656	453,789	574,445
Investments in Grosse Pointes-Clinton Refuse Disposal Authority (Note 11)	74,000	-	74,000
Capital assets (Note 4):			
Nondepreciable capital assets	1,547,967	146,800	1,694,767
Depreciable capital assets - Net	29,221,688	23,531,303	52,752,991
Total assets	41,108,969	26,073,249	67,182,218
Liabilities			
Accounts payable	1,298,070	383,276	1,681,346
Accrued and other liabilities	1,162,770	73,734	1,236,504
Noncurrent liabilities (Note 6):			
Due within one year	1,651,658	255,000	1,906,658
Due in more than one year	6,189,799	4,795,000	10,984,799
Total liabilities	10,302,297	5,507,010	15,809,307
Net Assets			
Invested in capital assets - Net of related debt	24,238,535	18,628,103	42,866,638
Restricted for:			
Streets and highways	116,103	-	116,103
Police, fire, and ambulance operations	265,358	-	265,358
Solid waste disposal	253,091	-	253,091
Grants	1,597	-	1,597
Drains	1,166,480	-	1,166,480
Debt service	9,760	453,789	463,549
Capital projects	52,949	-	52,949
Unrestricted	4,702,799	1,484,347	6,187,146
Total net assets	<u>\$ 30,806,672</u>	<u>\$ 20,566,239</u>	<u>\$ 51,372,911</u>

City of Grosse Pointe Woods, Michigan

	Program Revenues			
	Charges for Expenses	Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
Legislative	\$ 115,827	\$ -	\$ -	\$ -
Judicial	370,151	-	-	-
General government	2,713,206	793,125	45,354	-
Public safety	5,990,280	805,958	-	-
Public works	3,854,335	79,110	897,785	-
Solid waste	1,473,425	-	-	-
Recreation and culture	2,040,528	-	-	-
Municipal improvements	270,819	-	-	-
Interest on long-term debt	238,813	-	-	-
Total governmental activities	17,067,384	1,678,193	943,139	-
Business-type activities:				
Water/Sewer	5,230,033	4,594,730	-	731,943
Parking	293,746	293,453	-	-
Boat dock	146,403	162,468	-	-
Commodity sales	46,518	-	-	-
Total business-type activities	5,716,700	5,050,651	-	731,943
Total primary government	<u>\$ 22,784,084</u>	<u>\$ 6,728,844</u>	<u>\$ 943,139</u>	<u>\$ 731,943</u>
General revenues:				
Property taxes				
State-shared revenues				
Unrestricted investment earnings				
Franchise fees				
Transfers				
Total general revenues and transfers				
Change in Net Assets				
Net Assets - Beginning of year (as restated in Note 1)				
Net Assets - End of year				

Statement of Activities
Year Ended June 30, 2008

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (115,827)	\$ -	\$ (115,827)
(370,151)	-	(370,151)
(1,874,727)	-	(1,874,727)
(5,184,322)	-	(5,184,322)
(2,877,440)	-	(2,877,440)
(1,473,425)	-	(1,473,425)
(2,040,528)	-	(2,040,528)
(270,819)	-	(270,819)
(238,813)	-	(238,813)
(14,446,052)	-	(14,446,052)
-	96,640	96,640
-	(293)	(293)
-	16,065	16,065
-	(46,518)	(46,518)
-	65,894	65,894
(14,446,052)	65,894	(14,380,158)
15,551,944	-	15,551,944
1,667,431	-	1,667,431
733,693	79,589	813,282
238,054	-	238,054
(802,000)	802,000	-
17,389,122	881,589	18,270,711
2,943,070	947,483	3,890,553
27,863,602	19,618,756	47,482,358
\$ 30,806,672	\$ 20,566,239	\$ 51,372,911

City of Grosse Pointe Woods, Michigan

Governmental Funds Balance Sheet and Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets June 30, 2008

	Major Special Revenue Funds				Major Debt Service Fund	Other Nonmajor Governmental Funds		Total Governmental Funds
	General Fund	Major Street Fund	Local Street Fund	Cable Franchise Fund	Grosse-Gratiot Drain Fund			
Assets								
Cash and investments (Note 3)	\$ 3,046,513	\$ 644,972	\$ 7,840	\$ 1,661,484	\$ 1,107,951	\$ 1,708,121		\$ 8,176,881
Restricted assets (Note 1)	-	-	-	-	-	120,656		120,656
Receivables:								
Taxes	-	-	-	-	-	1,044		1,044
Accrued interest	28,975	-	-	54,571	-	30		83,576
Due from other governmental units	509,819	104,239	42,840	-	-	-		656,898
Other	60,868	2,159	-	-	-	13,438		76,465
Prepaid expenses	31,013	47,294	4,495	-	-	2,634		85,436
Due from other funds (Note 5)	1,747,930	-	650,000	50,000	193,529	168,998		2,810,457
Total assets	\$ 5,425,118	\$ 798,664	\$ 705,175	\$ 1,766,055	\$ 1,301,480	\$ 2,014,921		\$ 12,011,413
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 59,383	\$ 35,511	\$ 626,987	\$ -	\$ -	\$ 132,103		\$ 853,984
Accrued and other liabilities	443,287	35,544	39,694	-	-	29,473		547,998
Due to other funds (Note 5)	1,881,114	650,000	-	100,000	135,000	928,641		3,694,755
Total liabilities	2,383,784	721,055	666,681	100,000	135,000	1,090,217		5,096,737
Fund Balances								
Unreserved:								
Designated for capital asset purchases	-	-	-	-	-	19,060		19,060
Designated for subsequent year's expenditures - Reported in:								
General Fund	673,600	-	-	-	-	-		673,600
Special Revenue Funds	-	77,609	-	-	-	-		77,609
Unreserved - Reported in:								
General Fund	2,367,734	-	-	-	-	-		2,367,734
Special Revenue Funds	-	-	38,494	1,666,055	-	685,612		2,390,161
Debt Service Funds	-	-	-	-	1,166,480	9,760		1,176,240
Capital Projects Funds	-	-	-	-	-	210,272		210,272
Total fund balances	3,041,334	77,609	38,494	1,666,055	1,166,480	924,704		6,914,676
Total liabilities and fund balances	\$ 5,425,118	\$ 798,664	\$ 705,175	\$ 1,766,055	\$ 1,301,480	\$ 2,014,921		
Amounts reported for governmental activities in the statement of net assets are different because:								
Capital assets used in governmental activities are not financial resources and are not reported in the funds								29,288,752
Investment in joint venture is not included as an asset in the governmental funds								74,000
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:								
Bonds payable								(6,651,683)
Compensated absences								(1,090,137)
Accrued interest is not recorded in the funds								(7,005)
Internal Service Funds are included as part of governmental activities								2,278,069
Net assets of governmental activities								\$ 30,806,672

City of Grosse Pointe Woods, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2008

	Major Special Revenue Funds				Major Debt Service Fund -	Other Nonmajor	Total Governmental
	General Fund	Major Street Fund	Local Street Fund	Cable Franchise Fund	Grosse-Gratiot Drain Fund	Governmental Funds	Funds
Revenue							
Property taxes	\$ 9,459,515	\$ -	\$ -	\$ -	\$ 3,685,426	\$ 1,937,700	\$ 15,082,641
State and local sources	1,584,047	636,344	261,441	-	-	-	2,481,832
Delinquent interest and collection fee income	395,910	-	-	-	-	-	395,910
Fines and forfeitures	573,561	-	-	-	-	-	573,561
Other revenues:							
Licenses and permits	666,232	-	-	-	-	-	666,232
Miscellaneous revenue	140,688	80,132	117,515	-	-	615,859	954,194
Investment income	330,077	4,030	183	354,621	34,412	8,155	731,478
Total revenue	13,150,030	720,506	379,139	354,621	3,719,838	2,561,714	20,885,848
Expenditures							
Current:							
General government	3,714,598	-	-	-	-	34,770	3,749,368
Public safety	4,709,329	-	-	-	-	8,172	4,717,501
Public works	884,673	-	79,574	-	-	-	964,247
Parks and recreation	1,671,939	-	-	-	-	14,549	1,686,488
Administration	-	363,432	396,924	-	-	282,223	1,042,579
Street maintenance	-	1,017,164	1,499,374	-	-	-	2,516,538
Winter maintenance	-	33,548	17,669	-	-	-	51,217
Ambulance activities	-	-	-	-	-	307,730	307,730
Drain assessment	-	-	-	-	990,386	-	990,386
Other	-	-	-	-	65,523	205,585	271,108
Solid waste	-	-	-	-	-	1,347,425	1,347,425
Municipal improvement	-	-	-	-	-	270,819	270,819
Charges from Internal Service Fund for use of equipment and supplies	438,200	5,500	7,000	-	10,000	210,000	670,700
Debt service:							
Principal retirement	-	-	-	1,325,000	1,058,747	440,000	2,823,747
Interest and paying agent fees	-	-	-	4,748	162,337	93,417	260,502
Total expenditures	11,418,739	1,419,644	2,000,541	1,329,748	2,286,993	3,214,690	21,670,355
Excess of Revenue Over (Under) Expenditures	1,731,291	(699,138)	(1,621,402)	(975,127)	1,432,845	(652,976)	(784,507)
Other Financing Sources (Uses)							
Transfers in (Note 5)	220,000	467,000	1,628,900	-	-	854,134	3,170,034
Transfers out (Note 5)	(2,643,034)	-	-	-	(1,236,000)	(93,000)	(3,972,034)
Total other financing sources (uses)	(2,423,034)	467,000	1,628,900	-	(1,236,000)	761,134	(802,000)
Net Change in Fund Balances	(691,743)	(232,138)	7,498	(975,127)	196,845	108,158	(1,586,507)
Fund Balances - Beginning of year (as restated in Note 1)	3,733,077	309,747	30,996	2,641,182	969,635	816,546	8,501,183
Fund Balances - End of year	<u>\$ 3,041,334</u>	<u>\$ 77,609</u>	<u>\$ 38,494</u>	<u>\$ 1,666,055</u>	<u>\$ 1,166,480</u>	<u>\$ 924,704</u>	<u>\$ 6,914,676</u>

City of Grosse Pointe Woods, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds \$ (1,586,507)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are recorded as capital assets	2,513,800
Governmental funds allocate the cost of capital assets over their estimated useful lives as depreciation	(845,532)
Proceeds from the sale of capital assets are reported as revenue in the governmental funds; the statement of activities records a gain or loss, included in general government expense	(13,870)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	2,823,747
Long-term liabilities and accrued interest are not due and payable in the current period and are not reported in the fund	16,941
Change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	92,190
Internal Service Funds are also included as governmental activities	(131,699)
Income from a joint Grosse Pointe-Clinton Refuse Disposal Authority is not recorded in the funds	<u>74,000</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 2,943,070</u></u>

City of Grosse Pointe Woods, Michigan

Proprietary Funds Statement of Net Assets June 30, 2008

	Major Enterprise Fund			Governmental Activities
	Water and Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets				
Current assets:				
Cash and investments (Note 3)	\$ 334,390	\$ 272,312	\$ 606,702	\$ 946,556
Receivables:				
Customers	976,729	-	976,729	-
Accrued interest receivable	888	-	888	6,459
Due from other funds (Note 5)	90,932	56,000	146,932	762,856
Other	411,275	35,824	447,099	21,282
Total current assets	1,814,214	364,136	2,178,350	1,737,153
Noncurrent assets:				
Restricted assets (Note 1)	453,789	-	453,789	-
Nondepreciable capital assets (Note 4)	146,800	-	146,800	-
Depreciable capital assets (Note 4)	23,183,885	347,418	23,531,303	1,480,903
Total noncurrent assets	23,784,474	347,418	24,131,892	1,480,903
Total assets	25,598,688	711,554	26,310,242	3,218,056
Liabilities				
Current liabilities:				
Accounts payable	363,486	19,790	383,276	444,086
Accrued and other liabilities	58,959	14,775	73,734	48,968
Due to other funds (Note 5)	156,408	80,585	236,993	347,296
Current portion of long-term debt (Note 6)	255,000	-	255,000	-
Total current liabilities	833,853	115,150	949,003	840,350
Long-term debt - Net of current portion (Note 6)	4,795,000	-	4,795,000	99,637
Total liabilities	5,628,853	115,150	5,744,003	939,987
Net Assets				
Investment in capital assets - Net of related debt	18,280,685	347,418	18,628,103	1,480,903
Restricted for debt service	453,789	-	453,789	-
Unrestricted	1,235,361	249,061	1,484,422	797,166
Total net assets	<u>\$ 19,969,835</u>	<u>\$ 596,479</u>	<u>\$ 20,566,314</u>	<u>\$ 2,278,069</u>

City of Grosse Pointe Woods, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2008

	Major Enterprise Fund - Water and Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenue				
Water sales and charges for services	\$ 4,392,001	\$ -	\$ 4,392,001	\$ -
Penalties	44,253	-	44,253	-
Fees and violations	-	149,386	149,386	-
Park violations	-	144,067	144,067	-
Dockings and launching fees	-	162,468	162,468	-
Commodity sales	-	53,348	53,348	-
Revenue and billings to other funds	-	-	-	1,204,000
Other revenues	158,476	-	158,476	6,844
Total operating revenue	4,594,730	509,269	5,103,999	1,210,844
Operating Expenses				
Cost of water and disposal	2,986,841	-	2,986,841	-
Operation and maintenance	262,682	302,384	565,066	488,484
General and administrative	799,985	111,692	911,677	440,161
Depreciation	629,645	43,092	672,737	302,472
Insurance expense and contractual services	-	-	-	113,782
Charges from Internal Service Funds	180,800	29,500	210,300	25,500
Other expenses	200,000	-	200,000	-
Total operating expenses	5,059,953	486,668	5,546,621	1,370,399
Operating Income (Loss)	(465,223)	22,601	(442,622)	(159,555)
Nonoperating Income (Expense)				
Interest expense	(170,079)	-	(170,079)	-
Interest income	26,241	-	26,241	27,856
Total nonoperating income (expense)	(143,838)	-	(143,838)	27,856
Income (Loss) - Before capital contributions and transfers	(609,061)	22,601	(586,460)	(131,699)
Capital Contributions from Grants	731,943	-	731,943	-
Income (Loss) - Before transfers	122,882	22,601	145,483	(131,699)
Transfers In (Note 5)	882,000	-	882,000	-
Transfers Out (Note 5)	(70,000)	(10,000)	(80,000)	-
Change in Net Assets	934,882	12,601	947,483	(131,699)
Net Assets - Beginning of year	19,034,953	583,803	19,618,756	2,409,768
Net Assets - End of year	<u>\$ 19,969,835</u>	<u>\$ 596,404</u>	<u>\$ 20,566,239</u>	<u>\$ 2,278,069</u>

City of Grosse Pointe Woods, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2008

	Major Enterprise Fund - Water and Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers	\$ 4,745,371	\$ 509,269	\$ 5,254,640	\$ 1,210,844
Payments to suppliers	(3,457,802)	(315,320)	(3,773,122)	(741,297)
Payments to employees	(799,985)	(111,692)	(911,677)	(440,161)
Other receipts (payments)	(315,811)	78,742	(237,069)	(595)
Net cash provided by operating activities	171,773	160,999	332,772	28,791
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	882,000	-	882,000	10,000
Transfers to other funds	(70,000)	(10,000)	(80,000)	(10,000)
Net cash provided by (used in) noncapital financing activities	812,000	(10,000)	802,000	-
Cash Flows from Capital and Related Financing Activities				
Proceeds from sale of capital assets	-	-	-	25,641
Proceeds from state grants for capital purchases	731,943	-	731,943	-
Purchase of capital assets	(1,410,559)	-	(1,410,559)	(348,192)
Principal and interest paid on capital debt	(420,079)	-	(420,079)	-
Net cash used in capital and related financing activities	(1,098,695)	-	(1,098,695)	(322,551)
Cash Flows from Investing Activities - Interest received on investments	26,241	-	26,241	19,386
Net Increase (Decrease) in Cash and Cash Equivalents	(88,681)	150,999	62,318	(274,374)
Cash and Cash Equivalents - Beginning of year	876,860	121,313	998,173	1,220,930
Cash and Cash Equivalents - End of year	<u>\$ 788,179</u>	<u>\$ 272,312</u>	<u>\$ 1,060,491</u>	<u>\$ 946,556</u>
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and investments	\$ 334,390	\$ 272,312	\$ 606,702	\$ 946,556
Restricted cash and investments (Note 1)	453,789	-	453,789	-
Total cash and cash equivalents	<u>\$ 788,179</u>	<u>\$ 272,312</u>	<u>\$ 1,060,491</u>	<u>\$ 946,556</u>

There were no significant noncash investing or financing activities during the year.

City of Grosse Pointe Woods, Michigan

Fiduciary Funds Statement of Net Assets June 30, 2008

	Pension and Other Employee Benefits	Agency Funds
Assets		
Cash and cash equivalents	\$ 2,109,451	\$ 13,597
Investments:		
U.S. government securities	6,582,995	-
Corporate bonds	3,335,710	-
Stocks	23,280,744	-
Accrued interest receivable	101,664	-
Contributions receivable	320,272	-
Other receivables	141,732	-
Due from other funds (Note 5)	1,652,192	-
Total assets	37,524,760	<u>\$ 13,597</u>
Liabilities		
Accounts payable	-	\$ 10,373
Accrued liabilities	-	3,224
Due to other funds (Note 5)	1,093,393	-
Total liabilities	1,093,393	<u>\$ 13,597</u>
Net Assets - Held in trust for pension and other employee benefits		<u><u>\$ 36,431,367</u></u>

City of Grosse Pointe Woods, Michigan

Fiduciary Funds Statement of Changes in Net Assets Pension Trust Funds Year Ended June 30, 2008

Additions

Investment income (loss):	
Interest and dividends	\$ 1,247,445
Net increases to fair market value	(2,327,230)
Less investment expense	<u>(363,241)</u>
Total investment loss	(1,443,026)
Contributions:	
Employer	1,547,526
Employee	<u>329,631</u>
Total contributions	<u>1,877,157</u>
Net additions	434,131

Deductions

Pension payments	1,835,004
Healthcare benefit payments	<u>209,456</u>
Total deductions	<u>2,044,460</u>

Net Decrease (1,610,329)

Net Assets Held in Trust for Pension and Other Employee Benefits

Beginning of year	<u>38,041,696</u>
End of year	<u><u>\$ 36,431,367</u></u>

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the City of Grosse Pointe Woods, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City:

Reporting Entity

The City was incorporated as a home rule village on January 4, 1927 and as a home rule city on December 11, 1950. The City has a population of 17,080 per the 2000 census and encompasses 3.2 square miles. The City is located approximately 10 miles north of downtown Detroit and is over 97 percent residential. There are no major industries or corporations located within the City limits.

The City is governed by an elected six-member council. The City's administration operates under the overall direction of an elected mayor. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in the City's reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City (primary government). For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or segment (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes billed during the month of December will be used to finance the following year's operations. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Private sector standards of accounting issued before December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to apply private sector standards issued after November 30, 1989 for its Enterprise Funds.

Property taxes, licenses, and interest are susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note I - Summary of Significant Accounting Policies (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Major Street Fund accounts for the maintenance and replacement of all major streets within the City. Funding is provided by distribution of gas tax proceeds.
- The Local Street Fund accounts for the maintenance and replacement of all local streets within the City. Funding is provided by distribution of gas tax proceeds.
- The Cable Franchise Fund accounts for the investment of proceeds from the sale of the City's interest in a cable company's earnings used for capital improvements.
- The Grosse-Gratiot Drain Fund accounts for revenues received and used to pay principal and interest on the Grosse-Gratiot Drain long-term debt. Funding is provided by a specific property tax millage.

The City reports the following major proprietary fund:

- The Water and Sewer Fund accounts for the activity of the water distribution system and sewage collection system. Funding is provided primarily through user charges.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Additionally, the City reports the following activities in its Internal Service Funds and fiduciary fund types:

- The Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments of the City on a cost reimbursement basis. The City has three Internal Service Funds:
 - o The Motor Vehicle Fund has been established to account for costs associated with vehicles purchased by the City and used by all departments within the City.
 - o The Workers' Compensation Fund is used to fund workers' compensation claims and purchase insurance that provides coverage for employees. The fund is financed primarily by charges to various departments of the City.
 - o The Management Information Systems Fund accounts for the maintenance and operation of the City computer and communication network system.
- The Pension and Other Employee Benefit Trust Funds account for the activities of employee benefit plans that accumulate resources for pension and other postemployment benefit payments to qualified employees and is reported as a fiduciary fund.
- The Agency Funds record primarily tax collections received and remitted to other units of government (the county, community college, school district, etc.), as well as building bonds and deposits, held for temporary periods. The Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement or results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

Properties are assessed as of December 31. The related property taxes are billed and become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls.

The City's 2007 tax is levied and collectible on December 1, 2007 and is recognized as revenue in the year ended June 30, 2008, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2007 taxable valuation of the City of Grosse Pointe Woods totaled \$848 million, on which ad valorem taxes levied consisted of 10.1251 mills for operating purposes, 0.3578 mills for the ambulance, 0.5665 mills for the park bond, 0.0596 mills for public relations, 1.8807 mills for solid waste disposal, and 4.2471 mills for the Grosse-Gratiot Drain. This resulted in \$8.71 million for operating purposes, \$.3 million for the ambulance, \$.5 million for the park bond, \$.1 million for public relations, \$1.62 million for solid waste disposal, and \$3.51 million for the Grosse-Gratiot Drain. These amounts are recognized in the respective General, Special Revenue, and Debt Service Funds financial statements as property tax revenue.

The delinquent real property taxes of the City are purchased by Wayne County (the "County"). In approximately April or May, the County treasurer reimburses the local unit for delinquent real property taxes through the County Revolving Fund. If delinquent real taxes cannot be collected by the County, the local unit portion of the tax is invoiced or deducted from the monthly County settlement.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity

Cash and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Restricted Assets - The revenue bonds of the Water and Sewer Fund require amounts to be set aside for debt service. The balance of the restricted asset account for revenue bond restrictions for debt payments is \$453,789 at June 30, 2008. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Restricted assets in the 2006 Park Bond Fund represent unspent bond proceeds to be used for capital improvements.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Infrastructure	10-50 years
Buildings	25 years
Vehicles	3-7 years
Equipment	5 years
Land improvements	10-20 years

Compensated Absences (Vacation and Sick Leave) - It is the City's policy that employees earn vacation pay benefits on their anniversary date and sick benefits monthly. The government-wide and proprietary fund statements accrue all vacation and sick pay as it is used or vested (whichever is earlier). A liability for these amounts is reported in governmental funds as it comes due for payment (when the time is taken off, or employees terminate).

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to first apply restricted sources.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure.

Prior Period Adjustment - The City has adjusted fund balance as of July 1, 2007 in the General Fund due to errors in previous years' bank reconciliations. The effect of the prior period adjustment was to increase fund balance in the General Fund by \$370,563.

Note 2 - Stewardship, Compliance, and Accountability

State Construction Code Act - The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation, to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall - July 1, 2007		\$ (135,591)
Current year building permit revenue		266,523
Related expenses:		
Direct costs	\$ 301,314	
Estimated indirect costs	<u>77,134</u>	
Total construction code expenses		<u>378,448</u>
Cumulative shortfall - June 30, 2008		<u><u>\$ (247,516)</u></u>

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City's pension and other employee benefit trust funds are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City has designated seven banks for the deposit of its funds. The investment policy adopted by the board (for non-pension assets) in accordance with Public Act 196 of 1997 has authorized investment in all of the state statutory authorities as listed above except for obligations of the State of Michigan or its political subdivisions. Also, the City's investment policy allows the City to invest not more than 50 percent of any one fund in commercial paper rated at the time of the purchase within the three highest classifications established by not less than two standard rating services. The City's deposits and investment policies are in accordance with statutory authority.

Declines in Investment Values - Subsequent to year end, the City's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 3 - Deposits and Investments (Continued)

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$1,986,336 in bank deposits (certificates of deposit, checking, and savings accounts). Of that amount, \$300,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day or less maturity. At year end, the average maturities of investments are as follows:

Investment Type	Fair Value	0-5 Years	5-15 Years	15 Years and More
Primary Government				
U.S. government agencies and securities:				
Negotiable certificates of deposit	\$ 1,672,446	\$ 1,672,446	\$ -	\$ -
Federal Home Loan Bank	499,158	-	499,158	-
Federal National Mortgage Association	539,500	145,531	393,969	-
Federal Home Loan Mortgage Corporation	892,918	-	892,918	-
Fiduciary Funds				
U.S. Treasury bonds and notes	3,309,767	2,900,833	408,934	-
Corporate bonds	3,290,824	2,277,591	1,013,233	-
Federal National Mortgage Association	3,234,879	1,601,453	1,633,426	-

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 3 - Deposits and Investments (Continued)

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment Type	Fair Value	Rating	Rating Organization
Primary government:			
Bank investment pools	\$ 5,051,433	AI/PI/FI	S&P
	195,403	Not rated	N/A
Federal Home Loan Bank	499,158	AAA	S&P
Federal National Mortgage Association	539,500	AAA	S&P
Federal Home Loan Mortgage Corporation	892,918	AAA	S&P
Fiduciary Funds:			
Federal National Mortgage Association	2,353,141	AAA	S&P
	881,738	BBB+	S&P
Corporate bonds	812,536	AA-	S&P
	306,023	AA+	S&P
	202,742	A-	S&P
	805,793	A	S&P
	716,886	A+	S&P
	148,990	BBB-	S&P
	297,854	AAA	S&P

Concentration of Credit Risk - The City places no limit on the amount the City may invest in any one issuer. The City has more than 5 percent of its investments in the following:

Primary government:	
U.S. government and securities:	
Federal Home Loan Bank	5.28%
Federal National Mortgage Association	5.70%
Federal Home Loan Mortgage Corporation	9.44%
Fiduciary funds - Federal National Mortgage Association	9.20%

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 4 - Capital Assets

Capital asset activity of the primary government's governmental and business-type activities was as follows:

	Balance July 1, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
Governmental Activities				
Governmental funds:				
Capital assets not being depreciated:				
Land	\$ 1,547,967	\$ -	\$ (6,808)	\$ 1,541,159
Construction in progress	6,808	-	-	6,808
Subtotal	1,554,775	-	(6,808)	1,547,967
Capital assets being depreciated:				
Infrastructure	23,598,701	2,074,087	(157,456)	25,515,332
Buildings	8,690,806	110,450	-	8,801,256
Land improvements	116,766	35,340	-	152,106
Equipment and vehicles	2,582,872	300,731	(12,770)	2,870,833
Subtotal	34,989,145	2,520,608	(170,226)	37,339,527
Accumulated depreciation:				
Infrastructure	4,034,678	450,121	(143,586)	4,341,213
Buildings	2,418,308	252,456	-	2,670,764
Land improvements	10,420	3,348	-	13,768
Equipment and vehicles	2,446,160	139,607	(12,770)	2,572,997
Subtotal	8,909,566	845,532	(156,356)	9,598,742
Net capital assets being depreciated	26,079,579	1,675,076	(13,870)	27,740,785
Net governmental funds capital assets	27,634,354	1,675,076	(20,678)	29,288,752
Internal Service Funds:				
Capital assets being depreciated:				
Vehicles	3,806,336	325,666	(521,945)	3,610,057
Equipment	114,039	21,720	(21,766)	113,993
Subtotal	3,920,375	347,386	(543,711)	3,724,050
Accumulated depreciation:				
Vehicles	2,389,101	288,967	(504,774)	2,173,294
Equipment	78,920	13,505	(22,572)	69,853
Subtotal	2,468,021	302,472	(527,346)	2,243,147
Net Internal Service Funds capital assets	1,452,354	44,914	(16,365)	1,480,903
Net governmental activities capital assets	\$ 29,086,708	\$ 1,719,990	\$ (37,043)	\$ 30,769,655

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 4 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
Capital assets not being depreciated -				
Construction in progress	\$ -	\$ 146,800	\$ -	\$ 146,800
Capital assets being depreciated:				
Infrastructure	29,636,859	1,263,759	-	30,900,618
Land improvements	1,534,590	-	-	1,534,590
Subtotal	31,171,449	1,263,759	-	32,435,208
Accumulated depreciation:				
Infrastructure	7,087,088	629,645	-	7,716,733
Land improvements	1,144,080	43,092	-	1,187,172
Subtotal	8,231,168	672,737	-	8,903,905
Net capital assets being depreciated	22,940,281	591,022	-	23,531,303
Net business-type capital assets	<u>\$ 22,940,281</u>	<u>\$ 737,822</u>	<u>\$ -</u>	<u>\$ 23,678,103</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 53,772
Public safety	477,906
Public works	58,317
Recreation and culture	255,537
Internal Service Funds	<u>302,472</u>
Total governmental activities	<u>\$ 1,148,004</u>
Business-type activities:	
Water and sewer	\$ 629,645
Parking utility	35,594
Boat dock	<u>7,798</u>
Total business-type activities	<u>\$ 673,037</u>

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances in the fund statements is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Cable Franchise Fund	\$ 100,000
	Grosse-Gratiot Drain Fund	135,000
	Nonmajor governmental funds	928,641
	Water and Sewer Fund	156,408
	Nonmajor enterprise funds	80,585
	Internal Service Funds	<u>347,296</u>
	Total General Fund	1,747,930
Local Street Fund	Major Street Fund	650,000
Cable Franchise Fund	General Fund	50,000
Grosse-Gratiot Drain Fund	General Fund	193,529
Nonmajor governmental funds	General Fund	168,998
Internal Service Funds	General Fund	762,856
Water and Sewer Fund	General Fund	90,932
Nonmajor enterprise funds	General Fund	56,000
Pension and other employee benefits funds	General Fund	558,799
	Pension and other employee benefits funds	<u>1,093,393</u>
	Total pension and other employee benefits funds	<u>1,652,192</u>
	Total	<u>\$ 5,372,437</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Transferred From	Fund Transferred To	Amount
General Fund	Local Street Fund	\$ 1,628,900
	Major Street Fund	240,000
	Nonmajor governmental funds	<u>774,134</u>
	Total General Fund	(1) 2,643,034
Grosse-Gratiot Drain Fund	General Fund	127,000
	Major Street Fund	227,000
	Water and Sewer Fund	<u>882,000</u>
	Total Grosse-Gratiot Drain Fund	(1) 1,236,000
Nonmajor governmental funds	General Fund	93,000
Water and Sewer Fund	Nonmajor governmental funds	70,000
Nonmajor Enterprise Funds	Nonmajor governmental funds	<u>10,000</u>
	Total	<u>\$ 4,052,034</u>

(1) The transfers between funds represent transfers of unrestricted resources to finance operations of the various departments in accordance with budgetary authorizations.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 6 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements are also general obligations of the government. Other long-term obligations include compensated absences and risk liabilities in which the activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:							
General Obligation Bonds:							
2003 Recreation Refunding Bonds:							
Amount of issue - \$2,175,000	2.45%-	\$420,000 -					
Maturing through 2009	3.55%	\$460,000	\$ 1,320,000	-	\$ (440,000)	\$ 880,000	\$ 460,000
2006 Limited Tax Note:							
Amount of issue - \$1,325,000							
Maturing in 2008	4.30%	\$1,325,000	1,325,000	-	(1,325,000)	-	-
County Contractual - Wayne County Drain Commission - Combined Drain Bonds:							
Amount of issue - \$19,208,696		\$102,8497 -					
Maturing through 2013	Various	\$1,222,097	6,830,430	-	(1,058,747)	5,771,683	1,092,021
Other long-term obligations:							
Employee compensated absences			1,182,327	39,810	(132,000)	1,090,137	-
Estimated liability for workers' compensation claims (Note 10)			<u>103,596</u>	<u>101,534</u>	<u>(105,493)</u>	<u>99,637</u>	<u>99,637</u>
Total governmental activities			10,761,353	141,344	(3,061,240)	7,841,457	1,651,658
Business-type activities -							
Revenue Bonds -							
2003 Revenue Bond:							
Amount of issue - \$5,300,000	2.25%-	\$250,000 -					
Maturing through 2022	3.95%	\$445,000	5,300,000	-	(250,000)	5,050,000	255,000
Total business-type and governmental activities			<u>\$ 16,061,353</u>	<u>\$ 141,344</u>	<u>\$ (3,311,240)</u>	<u>\$ 12,891,457</u>	<u>\$ 1,906,658</u>

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund related to employee salaries and fringes. Additionally, for the business-type activities, claims and judgments and compensated absences are generally liquidated by the Water and Sewer Fund for employee salaries and fringes.

The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer revenue bonds. The bonds are payable solely from the net revenues of the water and sewer system. The remaining principal and interest to be paid on the bonds is \$6,531,881. During the current year, net revenues of the system were \$164,422 compared to the annual debt requirements of \$420,079.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 6 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bond and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 1,552,022	\$ 192,368	\$ 1,744,390	\$ 255,000	\$ 165,176	\$ 420,176
2010	1,539,247	109,663	1,648,910	265,000	158,835	423,835
2011	1,152,522	72,590	1,225,112	275,000	151,741	426,741
2012	1,185,797	43,945	1,229,742	280,000	143,760	423,760
2013-2017	1,222,095	14,676	1,236,771	1,580,000	577,225	2,157,225
2018-2022	-	-	-	1,950,000	276,355	2,226,355
2023-2027	-	-	-	445,000	8,789	453,789
Total	<u>\$ 6,651,683</u>	<u>\$ 433,242</u>	<u>\$ 7,084,925</u>	<u>\$ 5,050,000</u>	<u>\$ 1,481,881</u>	<u>\$ 6,531,881</u>

Note 7 - Pension Plans

Pension Trust Fund

Plan Description

The City administers a single-employer defined benefit pension plan, the "City of Grosse Pointe Woods Employees' Retirement System" or the "System." The System covers substantially all full-time employees and provides retirement benefits as well as death and disability benefits. The plan does not publish a separate financial report. The City also offers a Supplemental Annuity Plan, which covers the same employees.

At June 30, 2007, the date of the most recent actuarial valuation, membership consisted of the following:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	85
Current active employees	<u>101</u>
Total membership	<u>186</u>

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 7 - Pension Plans (Continued)

Contributions - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plans are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Please refer to Note 1 for further significant accounting policies.

The obligation to contribute to and maintain the systems for these employees was established by negotiation with the City's competitive bargaining units and the Retirement System Ordinance. The ordinance requires the City and covered employees to make contributions of 5 percent for general employees and 6 percent for public safety employees. The funding policy provides for periodic employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings.

Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the plan was 92.4 percent funded. The actuarial accrued liability for benefits was \$38.7 million, and the actuarial value of assets was \$35.8 million, resulting in an unfunded actuarial accrued liability of \$2.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.7 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 51.3 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual Pension Costs

For the year ended June 30, 2008, the City was required to make a contribution to the pension plan of \$1,016,556, exclusive of \$329,631 of employee contributions, which was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at June 30, 2007 using the entry actual age cost method. Significant actuarial assumptions used include an 8.0 percent investment rate of return, and projected salary increases ranging from 5.5 percent to 9.3 percent. The projected salary increases include an inflation factor of 5.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll contributions on an open basis. The remaining amortization period is 25 years.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 7 - Pension Plans (Continued)

Supplemental Annuity Fund

Plan Description

The Supplemental Annuity Fund, a single employer plan, is an additional benefit that is paid to eligible retirees based upon their total years of service with the City at the date of their retirement. Amounts paid to the retiree range from \$3,000 annually for 10 years of service to \$4,800 maximum for 25 years of service. The Supplemental Annuity Fund was established as a negotiable item within the various union contracts. Supplemental annuity benefits were discontinued for all public safety employees effective January 1, 1995. The transfers of monies by the City to the Supplemental Annuity Fund are done subsequent to an actuarial review performed by Gabriel, Roeder and Smith. The City pays 100 percent of the contribution made to the plan. The plan does not issue separate financial statements.

Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the plan was 28.8 percent funded. The actuarial accrued liability for benefits was \$2.7 million, and the actuarial value of assets was \$0.8 million, resulting in an unfunded actuarial accrued liability of \$1.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.7 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 33.9 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual Pension Costs

For the year ended June 30, 2008, the City's actual annual supplemental annuity cost of \$290,000 for the system exceeded the required contribution of \$248,038. The annual required contribution was determined as part of an actuarial valuation at June 30, 2007 using the entry actual age cost method. Significant actuarial assumptions used include an 8.0 percent investment rate of return, and projected salary increases ranging from 5.5 percent to 9.3 percent. The projected salary increases include an inflation factor of 5.0 percent. The actuarial value of assets was determined using market value. The unfunded actuarial liability is being amortized as a level percentage of payroll contributions on a closed basis. The remaining amortization period is 16 years.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 7 - Pension Plans (Continued)

Financial Statement Information - As of June 30, 2008, the statement of net assets for the pension plans is as follows:

	Pension and Other Employee Benefit Funds			
	Pension Trust	Supplementary	Retiree Health	Total
	Fund	Annuity Fund	Care Trust Fund	
Assets				
Cash and cash equivalents	\$ 2,078,765	\$ -	\$ 30,686	\$ 2,109,451
Investments:				
U.S. government securities	5,755,978	699,632	127,385	6,582,995
Corporate bonds	3,290,824	-	44,886	3,335,710
Stocks	23,017,746	-	262,998	23,280,744
Accrued interest receivable	101,664	-	-	101,664
Contributions receivable	151,105	169,167	-	320,272
Other receivables	73,093	-	68,639	141,732
Due from other funds	1,093,393	-	558,799	1,652,192
Total assets	35,562,568	868,799	1,093,393	37,524,760
Liabilities - Due to other funds	-	-	1,093,393	1,093,393
Net Assets Held in Trust for Pension and Other Employee Benefits	<u>\$ 35,562,568</u>	<u>\$ 868,799</u>	<u>\$ -</u>	<u>\$ 36,431,367</u>

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 7 - Pension Plans (Continued)

For the year ended June 30, 2008, the statement of changes in net assets for the pension plans is as follows:

	Pension Trust Fund	Supplementary Annuity Fund	Retiree Health Care Trust Fund	Total
Additions				
Investment income (loss):				
Interest and dividends	\$ 1,247,445	\$ -	\$ -	\$ 1,247,445
Net decreases to fair market value	(2,327,230)	-	-	(2,327,230)
Less investment expenses	(363,241)	-	-	(363,241)
Total investment loss	(1,443,026)	-	-	(1,443,026)
Contributions:				
Employer	1,016,356	290,000	241,170	1,547,526
Employee	329,631	-	-	329,631
Contributions from Retiree Health Care Fund	394,691	-	-	394,691
Total additions	297,652	290,000	241,170	828,822
Deductions				
Pension payments	1,835,004	-	-	1,835,004
Benefit payments	-	209,456	-	209,456
Transfer to pension trust fund	-	-	394,691	394,691
Total deductions	1,835,004	209,456	394,691	2,439,151
Net Increase (Decrease)	(1,537,352)	80,544	(153,521)	(1,610,329)
Net Assets Held in Trust for Pension and Other Employee Benefits				
Beginning of year	37,099,920	788,255	153,521	38,041,696
End of year	<u>\$ 35,562,568</u>	<u>\$ 868,799</u>	<u>\$ -</u>	<u>\$ 36,431,367</u>

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 7 - Pension Plans (Continued)

Three-year Trend Information

	Fiscal Year Ended June 30		
	2006	2007	2008
Pension trust:			
Annual pension costs (APC)	\$ 575,540	\$ 1,306,228	\$ 1,016,356
Percentage of APC contributed	100%	100%	100%
Net pension obligation	None	None	None
Supplemental annuity:			
Annual pension costs (APC)	\$ 233,845	\$ 248,556	\$ 248,038
Percentage of APC contributed	123%	117%	117%
Net pension obligation	None	None	None

The information presented above was determined as part of the actuarial valuations at the dates indicated.

Note 8 - Postemployment Benefits

The City provides healthcare benefits to all full-time employees upon retirement or to individuals receiving system disability pensions, in accordance with various labor contracts. Currently, 102 individuals are eligible. The City includes pre-Medicare retirees and their dependents in its insured healthcare plan, with no contribution required by the participant. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. Expenditures for postemployment healthcare benefits are recognized as the insurance premiums become due; during the year, this amounted to approximately \$1,043,000.

Upcoming Reporting Change

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 9 - Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan is available to all full-time City employees, which permits them to defer a portion of their salary until future years. Payment of the deferred compensation is not available to employees until retirement, death, or unforeseeable emergency. As of June 30, 2008, employees who had elected to participate in the Plan had contributed \$2,210,241.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the individual participants.

In accordance with GASB Statement No. 32, all the assets held in trust were removed from the financial statements as the City no longer has legal control over the plan assets.

Note 10 - Risk Management

The City is exposed to risk of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), and medical benefits provided to employees. The City has purchased commercial general liability insurance for claims relating to property loss claims, torts, and errors and omissions. The City is self-insured for workers' compensation claims and participates in a self-funding program for medical claims with other communities. Under the workers' compensation program and medical program, the City is held liable for the first \$400,000 and \$25,000, respectively, of any occurrence. The City has purchased excess insurance to cover claims greater than the stop-loss limits.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 10 - Risk Management (Continued)

The City estimates the liability for workers' compensation and medical benefits that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported, which includes estimates of both future payments of losses and related claim adjustment expense, both allocated and unallocated. The liability is based on individual claims and management's evaluation of experience with respect to the probable number and nature of claims. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined. These estimates are recorded in the Workers' Compensation Internal Service Fund and within the governmental activities and business-type activities columns of the statement of net assets. Changes in the estimated liability for the past two fiscal years were as follows:

	Workers' Compensation	
	2008	2007
Estimated liability - Beginning of year	\$ 103,596	\$ 100,000
Estimated claims incurred, including changes in estimates	101,534	112,876
Claim payments	(105,493)	(109,280)
Estimated liability - End of year	<u>\$ 99,637</u>	<u>\$ 103,596</u>

Medical

The City is self-funding medical benefits up to a retention amount, at which time the City's reinsurance coverage begins. The self-funding program is done in conjunction with the cities of Grosse Pointe, Grosse Pointe Park, Grosse Pointe Farms, and the Village of Grosse Pointe Shores. The Village of Grosse Pointe Shores serves as the administrative agent for the program; however, each municipality is responsible for its individual claims.

The City estimates the liability for medical benefits claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. The City's liability is based on individual claims and management's evaluation of experience with respect to the probable number and nature of claims. The estimated liability for medical claims at June 30, 2008, as well as the claims incurred during the period from July 1, 2007 through June 30, 2008, is not significant.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2008

Note 11 - Joint Venture

The City is a member of the Grosse Pointes-Clinton Refuse Disposal Authority joint venture (the "Authority"), which provides refuse disposal services to participating municipalities in the counties of Wayne and Macomb, Michigan. Other members include the cities of Grosse Pointe Farms, Grosse Pointe Park, Grosse Point, Harper Woods, Mount Clemens, Grosse Pointe Woods, and the Township of Clinton. The City Council appoints one member to the Authority's governing board, which then approves its budget. The Authority currently contracts with a commercial refuse disposal company and bills members for their proportionate share of the costs.

The City's interest in the net assets of the Authority totaled approximately \$74,000 at June 30, 2008 and is reported as part of the governmental activities in the statement of net assets. The City is unaware of any circumstances, including potential environmental remediation, that would cause an additional burden to the participating municipalities in the near future. Complete financial statements for the Authority can be obtained from its administrative offices at 27941 Harper Avenue, Suite 106, St. Clair Shores, MI 48081.

Required Supplemental Information

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues				
Property taxes	\$ 9,525,500	\$ 9,525,500	\$ 9,459,515	\$ (65,985)
Intergovernmental revenues	1,603,750	1,603,750	1,584,047	(19,703)
Delinquent interest and collection fee income	350,000	350,000	395,910	45,910
Other revenues:				
Traffic violations and court fees	630,000	630,000	573,561	(56,439)
Licenses and permits	860,400	860,400	666,232	(194,168)
Miscellaneous revenue	50,000	50,000	140,688	90,688
Interest income	300,000	300,000	330,077	30,077
Operating transfers in	220,000	220,000	220,000	-
Total revenue	13,539,650	13,539,650	13,370,030	(169,620)
Expenditures				
General government:				
City Council	115,000	115,000	93,736	21,264
Commission	25,800	25,800	22,091	3,709
Municipal Court	411,000	411,000	370,151	40,849
City Clerk	309,000	309,000	232,887	76,113
City Comptroller	298,000	298,000	239,892	58,108
City Attorney	245,000	245,000	247,640	(2,640)
City Assessor	115,000	115,000	115,071	(71)
Administration	198,500	198,500	189,604	8,896
Building inspection	279,000	279,000	274,543	4,457
Fringe benefits	1,044,500	1,044,500	1,813,530	(769,030)
Total general government	3,040,800	3,040,800	3,599,145	(558,345)
Public safety:				
Supervision and administration	331,000	331,000	324,098	6,902
Police service	2,755,000	2,755,000	2,752,807	2,193
Support service	129,000	129,000	107,773	21,227
Fire, prevention, and inspection	238,000	238,000	213,651	24,349
Fringe benefits	1,563,550	1,563,550	1,180,931	382,619
Total public safety	5,016,550	5,016,550	4,579,260	437,290

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (Continued)				
Public works:				
Supervision and engineering	\$ 63,000	\$ 63,000	\$ 77,637	\$ (14,637)
Fringe benefits	60,500	60,500	83,018	(22,518)
City building and grounds	<u>122,000</u>	<u>122,000</u>	<u>131,340</u>	<u>(9,340)</u>
Total public works	245,500	245,500	291,995	(46,495)
Parks and recreation:				
Supervision and engineering	26,000	26,000	11,427	14,573
Fringe benefits	166,000	166,000	89,011	76,989
Lake Front Park	1,205,500	1,205,500	1,174,396	31,104
City parks	61,800	61,800	54,759	7,041
Community center	<u>370,500</u>	<u>370,500</u>	<u>321,704</u>	<u>48,796</u>
Total parks and recreation	1,829,800	1,829,800	1,651,297	178,503
Charges from Internal Service Fund for use of equipment and supplies and transfers/overhead:				
General government	38,100	38,100	41,653	(3,553)
Public safety	141,000	141,000	568,069	(427,069)
Public works	3,193,900	3,193,900	2,778,212	415,688
Parks and recreation	<u>22,000</u>	<u>22,000</u>	<u>552,142</u>	<u>(530,142)</u>
Total charges and transfers/overhead	<u>3,395,000</u>	<u>3,395,000</u>	<u>3,940,076</u>	<u>(545,076)</u>
Total expenditures	<u>13,527,650</u>	<u>13,527,650</u>	<u>14,061,773</u>	<u>(534,123)</u>
Net Change in Fund Balance	12,000	12,000	(691,743)	(703,743)
Fund Balance - Beginning of year (as restated)	<u>3,733,077</u>	<u>3,733,077</u>	<u>3,733,077</u>	-
Fund Balance - End of year	<u>\$ 3,745,077</u>	<u>\$ 3,745,077</u>	<u>\$ 3,041,334</u>	<u>\$ (703,743)</u>

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds Year Ended June 30, 2008

	Major Street Fund			Variance with Amended Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
State and local sources	\$ 659,000	\$ 659,000	\$ 636,344	\$ (22,656)
Other revenues	51,000	51,000	84,162	33,162
Operating transfers in	967,000	967,000	467,000	(500,000)
Total revenues	1,677,000	1,677,000	1,187,506	(489,494)
Expenditures				
Street maintenance	1,583,000	1,583,000	1,017,164	565,836
Winter maintenance	20,000	20,000	33,548	(13,548)
Administration and maintenance	390,000	390,000	368,932	21,068
Total expenditures	1,993,000	1,993,000	1,419,644	573,356
Net Change in Fund Balance	(316,000)	(316,000)	(232,138)	408,478
Fund Balance - Beginning of year	309,747	309,747	309,747	-
Fund Balance (Deficit) - End of year	<u>\$ (6,253)</u>	<u>\$ (6,253)</u>	<u>\$ 77,609</u>	<u>\$ 83,862</u>

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds Year Ended June 30, 2008

	Local Street Fund			Variance with Amended Budget Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
State and local sources	\$ 268,000	\$ 268,000	\$ 261,441	\$ (6,559)
Other	127,100	127,100	117,698	(9,402)
Operating transfers in	1,628,900	1,628,900	1,628,900	-
Total revenues	2,024,000	2,024,000	2,008,039	(15,961)
Expenditures				
Street maintenance	1,519,000	1,519,000	1,499,374	19,626
Winter maintenance	27,000	27,000	17,669	9,331
Administration and maintenance	471,000	471,000	476,498	(5,498)
Charges from Internal Service Fund for use of equipment and supplies	7,000	7,000	7,000	-
Total expenditures	2,024,000	2,024,000	2,000,541	23,459
Net Change in Fund Balance	-	-	7,498	7,498
Fund Balance - Beginning of year	30,996	30,996	30,996	-
Fund Balance - End of year	<u>\$ 30,996</u>	<u>\$ 30,996</u>	<u>\$ 38,494</u>	<u>\$ 7,498</u>

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Pension System Schedule of Funding Progress June 30, 2008

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
<u>Pension Trust Fund</u>						
6/30/02	\$ 37,739,000	\$ 30,427,000	\$ (7,312,000)	124.0%	\$ 5,058,000	-144.6%
6/30/03	35,745,000	32,137,000	(3,608,000)	111.2%	4,970,000	-72.6%
6/30/04	34,404,000	33,804,000	(600,000)	101.8%	5,050,000	-11.9%
6/30/05	33,329,000	36,141,000	2,812,000	92.2%	5,436,000	51.7%
6/30/06	33,549,000	36,846,000	3,297,000	91.1%	5,452,000	60.5%
6/30/07	35,801,000	38,744,000	2,943,000	92.4%	5,740,000	51.3%
<u>Supplemental Annuity Fund</u>						
6/30/02	\$ 642,000	\$ 2,575,000	\$ 1,933,000	24.9%	\$ 5,058,000	38.2%
6/30/03	581,000	2,639,000	2,058,000	22.0%	4,970,000	41.4%
6/30/04	591,000	2,662,000	2,071,000	22.2%	5,050,000	41.0%
6/30/05	619,000	2,687,000	2,068,000	23.0%	5,436,000	38.0%
6/30/06	718,000	2,728,000	2,010,000	26.3%	5,452,000	36.9%
6/30/07	788,000	2,733,000	1,945,000	28.8%	5,740,000	33.9%

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Pension System Schedule of Funding Progress (Continued) June 30, 2008

The schedule of employer contributions is as follows:

Pension Trust Fund

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2003	\$ -	100.0%
2004	-	100.0%
2005	169,976	100.0%
2006	575,540	100.0%
2007	1,306,228	100.0%
2008	1,016,356	100.0%

Supplemental Annuity Fund

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2003	\$ 193,418	100.0%
2004	215,888	94.0%
2005	234,098	100.0%
2006	236,845	123.0%
2007	248,556	116.7%
2008	248,038	116.9%

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Pension System Schedule of Funding Progress (Continued) June 30, 2008

Additional information as of June 30, 2007, the latest actuarial valuation, follows:

Pension Trust Fund

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Amortization period (perpetual)	25 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases*	5.5% - 9.3%
*Includes inflation at	5.0%

Supplemental Annuity Fund

Actuarial cost method	Entry age
Amortization method	Closed level percentage of payroll
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases*	5.5% - 9.3%
*Includes inflation at	5.0%

City of Grosse Pointe Woods, Michigan

Notes to Required Supplemental Information June 30, 2008

Note 1 - Reconciliation of Budgeted Amounts to Basic Financial Statements

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds except that operating transfers have been included in the “revenue” and “expenditures” categories, rather than as “other financing sources (uses).” Following is a reconciliation of the budgetary comparison schedule to the governmental funds (statement of revenues, expenditures, and changes in fund balances):

	General Fund		Major Street Fund		Local Street Fund	
	Total Revenues	Total Expenditures	Total Revenues	Total Expenditures	Total Revenues	Total Expenditures
Amounts per operating statement	\$ 13,150,030	\$ 11,418,739	\$ 720,506	\$ 1,419,644	\$ 379,139	\$ 2,000,541
Operating transfers budgeted as revenues and expenditures on budget statement	220,000	2,643,034	467,000	-	1,628,900	-
Amounts per budget statement	<u>\$ 13,370,030</u>	<u>\$ 14,061,773</u>	<u>\$ 1,187,506</u>	<u>\$ 1,419,644</u>	<u>\$ 2,008,039</u>	<u>\$ 2,000,541</u>

Note 2 - Budgetary Information

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, all Special Revenue Funds, and Debt Service Funds except that operating transfers have been included in the “revenue” and “expenditures” categories, rather than as “other financing sources (uses).” All annual appropriations lapse at fiscal year end; encumbrances are not included as expenditures. During the year, the budget was amended in a legally permissible manner.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before the first council meeting in April, the city comptroller and the city supervisor prepare a proposed operating budget for the fiscal year commencing July 1 and submit it to the council. The budget must be adopted through a passage of a budget resolution no later than May 1.
2. Public hearings are conducted to obtain citizen comments.

City of Grosse Pointe Woods, Michigan

Notes to Required Supplemental Information June 30, 2008

Note 2 - Budgetary Information (Continued)

3. The legislative budget is adopted by fund on a departmental basis. Line item detail is provided as a general guideline. Throughout the year, the council receives requests to amend the activity budget. All amendments must be approved by a vote of the City Council. Changes in line items within an activity may be made with the approval of the city comptroller.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the City incurred expenditures that were in excess of amounts budgeted, as follows.

	<u>Budget</u>	<u>Actual</u>
General Fund:		
General government - Fringe benefits	\$ 1,044,500	\$ 1,813,530
Charges from Internal Service Fund for use of equipment and supplies and transfers/overhead:		
Public safety	141,000	568,069
Parks and recreation	22,000	552,142

Expenditures were over budget due to unexpected expenditures incurred during the current year.

The Cable Franchise Fund, the Parkway Beautification Fund, and the 2006 Park Bond Fund were not budgeted for in the current year. The Major Street Fund budgeted for a deficit in the current year.

Other Supplemental Information

City of Grosse Pointe Woods, Michigan

Budgetary Comparison Schedule Major Debt Service Fund Year Ended June 30, 2008

	Grosse-Gratiot Drain Fund			Variance with Amended Budget Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
Property taxes	\$ 3,684,000	\$ 3,684,000	\$ 3,685,426	\$ 1,426
Investment income	-	-	34,412	34,412
Total revenues	3,684,000	3,684,000	3,719,838	35,838
Expenditures				
Milk River Drain	2,351,084	2,351,084	2,211,470	139,614
Other	67,000	67,000	75,523	(8,523)
Transfers/Overhead	1,236,000	1,236,000	1,236,000	-
Total expenditures	3,654,084	3,654,084	3,522,993	131,091
Net Change in Fund Balance	29,916	29,916	196,845	166,929
Fund Balance - Beginning of year	969,635	969,635	969,635	-
Fund Balance - End of year	<u>\$ 999,551</u>	<u>\$ 999,551</u>	<u>\$ 1,166,480</u>	<u>\$ 166,929</u>

City of Grosse Pointe Woods, Michigan

Description of Nonmajor Governmental Funds Year Ended June 30, 2008

Special Revenue Funds

These funds are used to account for specific revenue sources, which are legally restricted to expenditures for specific functions or activities. Restrictions may be imposed by state statute, the State Constitution, City board resolution or action, or the electorate through the approval of special dedicated millages.

Ambulance Fund - This fund accounts for the operations and maintenance of the city-owned ambulance. Financing is specified by City Charter as .5 mills of the general City millage.

Act 302 Training Fund - This fund accounts for the costs of training courses for the police department. Financing is provided by state grants.

Solid Waste Fund - This fund is used to account for the collection, disposal, and recycling of all residential and commercial waste within the City. Financing is provided by a separate tax millage.

Grants Fund - This fund is used to account for the activity of the Community Development Block Grant Program and other federal grants. Financing is provided by the Wayne County Economic Development Grant Program.

911 Emergency Service Fund - This fund accounts for monies expended to maintain and operate an emergency response system. Monies are received from the Ameritech Phone Company, which levies a surcharge on all phone users within the community.

Drug Enforcement Fund - This fund is used to account for monies seized in arrests for illegal drug activities and from various grants issued to the police department. Functions and activities include drug enforcement and education, departmental training, and expenses associated with the grants received.

Parkway Beautification Fund - This fund was created to account for monies provided by donors to finance parkway beautification activities.

Debt Service Fund

This fund is used to account for the accumulation of resources for the periodic payment of principal and interest on police and fire long-term debt.

City of Grosse Pointe Woods, Michigan

Description of Nonmajor Governmental Funds (Continued) **Year Ended June 30, 2008**

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. Revenue sources include General Fund transfers, grants from other units of government, private contributions, and bond proceeds.

Municipal Improvement Fund - This fund accounts for the acquisition and construction of various construction projects in the City.

2006 Park Bond Fund - This fund accounts for the construction and improvement of the City pool.

City of Grosse Pointe Woods, Michigan

		Special Revenue Funds				
				911		
		Ambulance	Act 302	Solid Waste	Emergency	
		Fund	Training Fund	Fund	Grants Fund Service Fund	
Assets						
Cash and investments	\$	204,338	\$ 13,788	\$ 1,082,106	\$ 1,597 \$ 9,859	
Restricted cash		-	-	-	-	
Accounts receivable		1,943	-	1,438	- 13,735	
Due from other funds		49,864	-	-	-	
Total assets	\$	256,145	\$ 13,788	\$ 1,083,544	\$ 1,597 \$ 23,594	
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$	4,754	\$ -	\$ 73,196	\$ - \$ 172	
Accrued and other liabilities		20,847	-	6,230	- 2,396	
Due to other funds		-	-	751,027	-	
Total liabilities		25,601	-	830,453	- 2,568	
Fund Balances - Unreserved						
Designated for subsequent year's expenditures		-	-	-	-	
Undesignated		230,544	13,788	253,091	1,597 21,026	
Total fund balances		230,544	13,788	253,091	1,597 21,026	
Total liabilities and fund balances	\$	256,145	\$ 13,788	\$ 1,083,544	\$ 1,597 \$ 23,594	

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

Special Revenue Funds		Debt Service Fund	Capital Projects Funds		
Drug Enforcement Fund	Parkway Beautification Fund	2005 Park Refunding Bond	Municipal Improvement Fund	2006 Park Bond	Total Nonmajor Governmental Funds
\$ 2,381	\$ 198,769	\$ 626	\$ 194,657	\$ -	\$ 1,708,121
-	-	-	-	120,656	120,656
-	30	-	-	-	17,146
-	-	9,134	-	110,000	168,998
\$ 2,381	\$ 198,799	\$ 9,760	\$ 194,657	\$ 230,656	\$ 2,014,921
\$ -	\$ 35,614	\$ -	\$ 18,274	\$ 93	\$ 132,103
-	-	-	-	-	29,473
-	-	-	-	177,614	928,641
-	35,614	-	18,274	177,707	1,090,217
-	-	-	19,060	-	19,060
2,381	163,185	9,760	157,323	52,949	905,644
2,381	163,185	9,760	176,383	52,949	924,704
\$ 2,381	\$ 198,799	\$ 9,760	\$ 194,657	\$ 230,656	\$ 2,014,921

City of Grosse Pointe Woods, Michigan

	Special Revenue Funds				
	Ambulance Fund	Act 302 Training Fund	Solid Waste Fund	Grants Fund	911 Emergency Service Fund
Revenue					
Property taxes	\$ 308,152	\$ 9,211	\$ 1,620,337	\$ -	\$ -
Interest income	8,073	-	-	82	-
Other revenues	229,821	1,106	8,876	-	83,384
Total revenue	546,046	10,317	1,629,213	82	83,384
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	1,676	6,496	-	-	-
Parks and recreation	-	-	-	-	-
Administration and maintenance	279,923	-	-	-	-
Ambulance services	307,730	-	-	-	-
Other	12,053	-	-	-	67,180
Solid waste/recycling services	-	-	1,347,425	-	-
Municipal improvement	-	-	-	-	-
Charges from Internal Service Funds for use of equipment and supplies	64,000	-	126,000	-	20,000
Debt service:					
Principal retirement	-	-	-	-	-
Interest and paying agent fees	-	-	-	-	-
Total expenditures	665,382	6,496	1,473,425	-	87,180
Excess of Revenue Over (Under) Expenditures	(119,336)	3,821	155,788	82	(3,796)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(93,000)	-	-
Total other financing sources (uses)	-	-	(93,000)	-	-
Net Change in Fund Balances	(119,336)	3,821	62,788	82	(3,796)
Fund Balances - Beginning of year	349,880	9,967	190,303	1,515	24,822
Fund Balances - End of year	<u>\$ 230,544</u>	<u>\$ 13,788</u>	<u>\$ 253,091</u>	<u>\$ 1,597</u>	<u>\$ 21,026</u>

**Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2008**

Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
Drug Enforcement Fund	Parkway Beautification Fund	2005 Park Refunding Bond	Municipal Improvement Fund	2006 Park Bond	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,937,700
-	-	-	-	-	8,155
2,370	134,948	-	45,354	110,000	615,859
2,370	134,948	-	45,354	110,000	2,561,714
-	-	-	-	34,770	34,770
-	-	-	-	-	8,172
-	-	-	-	14,549	14,549
-	-	-	-	2,300	282,223
-	-	-	-	-	307,730
-	126,352	-	-	-	205,585
-	-	-	-	-	1,347,425
-	-	-	270,819	-	270,819
-	-	-	-	-	210,000
-	-	440,000	-	-	440,000
-	-	38,800	-	54,617	93,417
-	126,352	478,800	270,819	106,236	3,214,690
2,370	8,596	(478,800)	(225,465)	3,764	(652,976)
-	-	488,134	366,000	-	854,134
-	-	-	-	-	(93,000)
-	-	488,134	366,000	-	761,134
2,370	8,596	9,334	140,535	3,764	108,158
11	154,589	426	35,848	49,185	816,546
\$ 2,381	\$ 163,185	\$ 9,760	\$ 176,383	\$ 52,949	\$ 924,704

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Year Ended June 30, 2008

	Ambulance Fund			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Property taxes	\$ 310,500	\$ 310,500	\$ 308,152	\$ (2,348)
Other revenues	172,500	172,500	237,894	65,394
Total revenues	483,000	483,000	546,046	63,046
Expenditures				
Ambulance services	253,000	253,000	309,406	(56,406)
Fringe benefits	136,000	136,000	279,923	(143,923)
Transfers/Overhead	64,000	64,000	76,053	(12,053)
Total expenditures	453,000	453,000	665,382	(212,382)
Net Change in Fund Balance	30,000	30,000	(119,336)	(149,336)
Fund Balance - Beginning of year	349,880	349,880	349,880	-
Fund Balance - End of year	<u>\$ 379,880</u>	<u>\$ 379,880</u>	<u>\$ 230,544</u>	<u>\$ (149,336)</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2008

	Act 302 Training Fund			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Property taxes	\$ 8,500	\$ 8,500	\$ 9,211	\$ 711
Other revenues	<u>1,500</u>	<u>1,500</u>	<u>1,106</u>	<u>(394)</u>
Total revenues	10,000	10,000	10,317	317
Expenditures - Public safety training	<u>6,650</u>	<u>6,650</u>	<u>6,496</u>	<u>154</u>
Net Change in Fund Balance	3,350	3,350	3,821	471
Fund Balance - Beginning of year	<u>9,967</u>	<u>9,967</u>	<u>9,967</u>	-
Fund Balance - End of year	<u><u>\$ 13,317</u></u>	<u><u>\$ 13,317</u></u>	<u><u>\$ 13,788</u></u>	<u><u>\$ 471</u></u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule Nonmajor Governmental Funds (Continued) Year Ended June 30, 2008

	Solid Waste Fund			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Property taxes	\$ 1,631,500	\$ 1,631,500	\$ 1,620,337	\$ (11,163)
Other revenues	<u>2,000</u>	<u>2,000</u>	<u>8,876</u>	<u>6,876</u>
Total revenues	1,633,500	1,633,500	1,629,213	(4,287)
Expenditures				
Solid waste/recycling services	1,416,500	1,416,500	1,347,425	69,075
Transfers/Overhead	<u>218,500</u>	<u>218,500</u>	<u>219,000</u>	<u>(500)</u>
Total expenditures	<u>1,635,000</u>	<u>1,635,000</u>	<u>1,566,425</u>	<u>68,575</u>
Net Change in Fund Balance	(1,500)	(1,500)	62,788	64,288
Fund Balance - Beginning of year	<u>190,303</u>	<u>190,303</u>	<u>190,303</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 188,803</u></u>	<u><u>\$ 188,803</u></u>	<u><u>\$ 253,091</u></u>	<u><u>\$ 64,288</u></u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2008

	Grants Fund			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Federal financial assistance	\$ 123,000	\$ 123,000	\$ -	\$ (123,000)
Other revenues	<u>-</u>	<u>-</u>	<u>82</u>	<u>82</u>
Total revenues	123,000	123,000	82	(122,918)
Expenditures - Contractual services	<u>56,800</u>	<u>56,800</u>	<u>-</u>	<u>56,800</u>
Net Change in Fund Balance	66,200	66,200	82	(66,118)
Fund Balance - Beginning of year	<u>1,515</u>	<u>1,515</u>	<u>1,515</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 67,715</u></u>	<u><u>\$ 67,715</u></u>	<u><u>\$ 1,597</u></u>	<u><u>\$ (66,118)</u></u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2008

	911 Emergency Service Fund			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues - Other revenues	\$ 86,000	\$ 86,000	\$ 83,384	\$ (2,616)
Expenditures - Other expenditures	95,500	95,500	87,180	8,320
Net Change in Fund Balance	(9,500)	(9,500)	(3,796)	5,704
Fund Balance - Beginning of year	24,822	24,822	24,822	-
Fund Balance - End of year	<u>\$ 15,322</u>	<u>\$ 15,322</u>	<u>\$ 21,026</u>	<u>\$ 5,704</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2008

	Drug Enforcement Fund			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues - Other revenue	\$ -	\$ -	\$ -	\$ -
Expenditures - Other expenditures	-	-	(2,370)	(2,370)
Net Change in Fund Balance	-	-	2,370	2,370
Fund Balance - Beginning of year	11	11	11	-
Fund Balance - End of year	<u>\$ 11</u>	<u>\$ 11</u>	<u>\$ 2,381</u>	<u>\$ 2,370</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2008

	2005 Park Refunding Bond			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues - Transfers in	\$ 479,000	\$ 479,000	\$ 488,134	\$ 9,134
Expenditures - Bond and debt requirements	<u>479,000</u>	<u>479,000</u>	<u>478,800</u>	<u>200</u>
Net Change in Fund Balance	-	-	9,334	9,334
Fund Balance - Beginning of year	<u>426</u>	<u>426</u>	<u>426</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 426</u></u>	<u><u>\$ 426</u></u>	<u><u>\$ 9,760</u></u>	<u><u>\$ 9,334</u></u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2008

	Municipal Improvement Fund			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Other revenue	\$ 25,500	\$ 25,500	\$ 45,354	\$ 19,854
Transfers in	496,000	496,000	366,000	(130,000)
Total revenues	521,500	521,500	411,354	(110,146)
Expenditures - Municipal improvements	559,500	559,500	270,819	288,681
Net Change in Fund Balance	(38,000)	(38,000)	140,535	178,535
Fund Balance - Beginning of year	35,848	35,848	35,848	-
Fund Balance (Deficit) - End of year	<u><u>\$ (2,152)</u></u>	<u><u>\$ (2,152)</u></u>	<u><u>\$ 176,383</u></u>	<u><u>\$ 178,535</u></u>

City of Grosse Pointe Woods, Michigan

Description of Nonmajor Enterprise Funds Year Ended June 30, 2008

Parking Meter Utility Fund - To account for the City's parking meters and costs associated with maintaining the meters. Funding is provided by parking meter fees and violation fees.

Boat Dock Rental Fund - To account for boat dock rental units that are available to the citizens of Grosse Pointe Woods on an annual basis. Boat launch ramps and other water craft maintenance services are available.

Commodity Sales Fund - To record the purchases and sale of rubbish bags and other miscellaneous items that the municipality holds for resale.

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Net Assets Nonmajor Enterprise Funds June 30, 2008

	Nonmajor Enterprise Funds			Total Non- major Enterprise Funds
	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	
Assets				
Current assets:				
Cash and investments	\$ 65,070	\$ 136,230	\$ 71,012	\$ 272,312
Receivables:				
Due from other funds	-	56,000	-	56,000
Other	1,169	449	34,206	35,824
Total current assets	66,239	192,679	105,218	364,136
Noncurrent assets - Depreciable capital assets	271,971	75,447	-	347,418
Total assets	338,210	268,126	105,218	711,554
Liabilities - Current				
Accounts payable	18,861	929	-	19,790
Accrued and other liabilities	11,341	3,434	-	14,775
Due to other funds	18,862	61,723	-	80,585
Total current liabilities	49,064	66,086	-	115,150
Net Assets				
Investment in capital assets - Net of related debt	271,971	75,447	-	347,418
Unrestricted	17,175	126,593	105,218	249,061
Total net assets	\$ 289,146	\$ 202,040	\$ 105,218	\$ 596,479

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets - Nonmajor Enterprise Funds Year Ended June 30, 2008

	Nonmajor Enterprise Funds			
	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Total Nonmajor Enterprise Funds
Operating Revenue				
Fees and violations	\$ 149,386	\$ -	\$ -	\$ 149,386
Park violations	144,067	-	-	144,067
Dockings and launching fees	-	162,468	-	162,468
Commodity sales	-	-	53,348	53,348
Total operating revenue	293,453	162,468	53,348	509,344
Operating Expenses				
Operation and maintenance	144,298	121,567	36,519	302,384
General and administrative	108,654	3,038	-	111,692
Depreciation	35,294	7,798	-	43,092
Charges from Internal Service Funds	5,500	14,000	10,000	29,500
Total operating expenses	293,746	146,403	46,519	486,668
Operating (Loss) Income - Before transfers	(293)	16,065	6,829	22,676
Transfers Out	-	-	(10,000)	(10,000)
Change in Net Assets	(293)	16,065	(3,171)	12,676
Net Assets - Beginning of year	289,439	185,975	108,389	583,803
Net Assets - End of year	<u>\$ 289,146</u>	<u>\$ 202,040</u>	<u>\$ 105,218</u>	<u>\$ 596,479</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2008

	Nonmajor Enterprise Funds			Total Non-Major Enterprise Funds
	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	
Cash Flows from Operating Activities				
Receipts from customers	\$ 293,453	\$ 162,468	\$ 53,348	\$ 509,269
Payments to suppliers	(133,763)	(135,039)	(46,518)	(315,320)
Payments to employees	(108,654)	(3,038)	-	(111,692)
Other receipts	14,034	64,708	-	78,742
Net cash provided by operating activities	65,070	89,099	6,830	160,999
Cash Flows from Noncapital Financing Activities -				
Transfers to other funds	-	-	(10,000)	(10,000)
Net Increase (Decrease) in Cash and Cash Equivalents	65,070	89,099	(3,170)	150,999
Cash and Cash Equivalents - Beginning of year	-	47,131	74,182	121,313
Cash and Cash Equivalents - End of year	<u>\$ 65,070</u>	<u>\$ 136,230</u>	<u>\$ 71,012</u>	<u>\$ 272,312</u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities				
Operating (loss) income	\$ (293)	\$ 16,065	\$ 6,829	\$ 22,601
Adjustments to reconcile operating (loss) income to net cash from operating activities:				
Depreciation and amortization	35,294	7,798	-	43,092
Changes in assets and liabilities:				
Receivables	(1,169)	(449)	1	(1,617)
Due from/to other funds	3,862	61,723	-	65,585
Accounts payable	16,035	528	-	16,563
Accrued and other liabilities	11,341	3,434	-	14,775
Net cash provided by operating activities	<u>\$ 65,070</u>	<u>\$ 89,099</u>	<u>\$ 6,830</u>	<u>\$ 160,999</u>

City of Grosse Pointe Woods, Michigan

Description of Internal Service Funds Year Ended June 30, 2008

Motor Vehicle Fund - This fund accounts for the costs of acquiring and maintaining City-operated vehicles used by various City departments. The actual cost of labor and materials is reimbursed to this fund by the user departments through fees.

Workers' Compensation Fund - This fund was created to identify all costs associated with operating a self-insured workers' compensation fund. Funds are accumulated via transfers from other governmental and proprietary fund types and interest made on surplus earnings.

Management Information Systems Fund - This fund accounts for the maintenance and operation of the City computer and communication network system. Funds are accumulated via transfers from other fund users.

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Net Assets Internal Service Funds June 30, 2008

	Internal Service Funds			
	Motor Vehicle Fund	Workers' Compensation Fund	Management Information System	Total
Assets				
Current:				
Cash and cash equivalents	\$ 101,094	\$ 827,874	\$ 17,588	\$ 946,556
Accrued interest receivable	-	6,459	-	6,459
Other receivables	16,095	-	5,187	21,282
Due from other funds	500,000	262,856	-	762,856
Total current assets	617,189	1,097,189	22,775	1,737,153
Noncurrent assets - Depreciable capital assets	1,436,763	-	44,140	1,480,903
Total assets	<u>\$ 2,053,952</u>	<u>\$ 1,097,189</u>	<u>\$ 66,915</u>	<u>\$ 3,218,056</u>
Liabilities and Net Assets				
Liabilities				
Current liabilities:				
Accounts payable	\$ 406,121	\$ 11,805	\$ 26,160	\$ 444,086
Accrued and other liabilities	39,423	-	9,545	48,968
Due to other funds	80,000	267,296	-	347,296
Total current liabilities	525,544	279,101	35,705	840,350
Long-term debt - Claims reserve	-	99,637	-	99,637
Total liabilities	525,544	378,738	35,705	939,987
Net Assets				
Investment in capital assets	1,436,763	-	44,140	1,480,903
Unrestricted (deficit)	91,645	718,451	(12,930)	797,166
Total net assets	1,528,408	718,451	31,210	2,278,069
Total liabilities and net assets	<u>\$ 2,053,952</u>	<u>\$ 1,097,189</u>	<u>\$ 66,915</u>	<u>\$ 3,218,056</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets Internal Service Funds Year Ended June 30, 2008

	Internal Service Funds			
	Motor Vehicle	Workers'	Management	
	Fund	Compensation	Information	
		Fund	System	Total
Operating Revenue				
Revenue and billings to other funds	\$ 672,100	\$ 101,500	\$ 430,400	\$ 1,204,000
Other revenues	5,499	539	806	6,844
Total operating revenue	677,599	102,039	431,206	1,210,844
Operating Expenses				
Vehicle operation and maintenance	488,484	-	-	488,484
Administration	12,286	-	427,875	440,161
Depreciation	288,967	-	13,505	302,472
Insurance expense	8,289	105,493	-	113,782
Charges to Internal Service Fund	25,000	-	500	25,500
Total operating expenses	823,026	105,493	441,880	1,370,399
Operating Loss	(145,427)	(3,454)	(10,674)	(159,555)
Nonoperating Income - Interest income	20,180	7,676	-	27,856
Income (Loss) - Before transfers	(125,247)	4,222	(10,674)	(131,699)
Transfers In	-	-	10,000	10,000
Transfers Out	-	(10,000)	-	(10,000)
Change in Net Assets	(125,247)	(5,778)	(674)	(131,699)
Net Assets - Beginning of year	1,653,655	724,229	31,884	2,409,768
Net Assets - End of year	<u>\$ 1,528,408</u>	<u>\$ 718,451</u>	<u>\$ 31,210</u>	<u>\$ 2,278,069</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2008

	Internal Service Funds			
	Motor Vehicle Fund	Workers' Compensation Fund	Management Information System	Total
Cash Flows from Operating Activities				
Receipts from customers	\$ 677,599	\$ 102,039	\$ 431,206	\$ 1,210,844
Payments to suppliers	(630,238)	(111,059)	-	(741,297)
Payments to employees	(12,286)	-	(427,875)	(440,161)
Other receipts (payments)	(32,471)	5,323	26,553	(595)
Net cash provided by (used in) operating activities	2,604	(3,697)	29,884	28,791
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	-	-	10,000	10,000
Transfers to other funds	-	(10,000)	-	(10,000)
Net cash provided by (used in) noncapital financing activities	-	(10,000)	10,000	-
Cash Flows from Capital and Related Financing Activities				
Proceeds from sale of capital assets	25,641	-	-	25,641
Purchase of capital assets	(325,666)	-	(22,526)	(348,192)
Net cash used in capital and related financing activities	(300,025)	-	(22,526)	(322,551)
Cash Flows from Investing Activities - Interest received on investments	11,710	7,676	-	19,386
Net Increase (Decrease) in Cash and Cash Equivalents	(285,711)	(6,021)	17,358	(274,374)
Cash and Cash Equivalents - Beginning of year	386,805	833,895	230	1,220,930
Cash and Cash Equivalents - End of year	<u>\$ 101,094</u>	<u>\$ 827,874</u>	<u>\$ 17,588</u>	<u>\$ 946,556</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities				
Operating loss	\$ (145,427)	\$ (3,454)	\$ (10,674)	\$ (159,555)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation and amortization	288,967	-	13,505	302,472
Changes in assets and liabilities:				
Receivables	(12,388)	883	-	(11,505)
Due from (to) other funds	(420,000)	4,440	(5,187)	(420,747)
Accounts payable	255,857	-	-	255,857
Accrued and other liabilities	35,595	(5,566)	32,240	62,269
Net cash provided by (used in) operating activities	<u>\$ 2,604</u>	<u>\$ (3,697)</u>	<u>\$ 29,884</u>	<u>\$ 28,791</u>

City of Grosse Pointe Woods, Michigan

Description of Fiduciary Funds Year Ended June 30, 2008

Trust funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds.

Agency Funds - These funds account for the deposit of monies held by the City government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Pension and Other Employee Benefit Trust Funds - The City operates one retirement system, one supplemental annuity fund, and one retiree healthcare account, which are accounted for in three separate funds. These funds cover all full-time employees of the City.

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Net Assets Trust Funds June 30, 2008

	Pension and Other Employee Benefit Funds			
	Pension Trust	Supplementary	Retiree	
	Fund	Annuity Fund	Health Care Trust Fund	Total
Assets				
Cash and cash equivalents	\$ 2,078,765	\$ -	\$ 30,686	\$ 2,109,451
Investments:				
U.S. government securities	5,755,978	699,632	127,385	6,582,995
Corporate bonds	3,290,824	-	44,886	3,335,710
Stocks	23,017,746	-	262,998	23,280,744
Accrued interest receivable	101,664	-	-	101,664
Contributions receivable	151,105	169,167	-	320,272
Other receivables	73,093	-	68,639	141,732
Due from other funds	1,093,393	-	558,799	1,652,192
Total assets	35,562,568	868,799	1,093,393	37,524,760
Liabilities - Due to other funds	-	-	1,093,393	1,093,393
Net Assets Held in Trust for Pension and Other Employee Benefits	\$ 35,562,568	\$ 868,799	\$ -	\$ 36,431,367

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Changes in Net Assets Trust Funds Year Ended June 30, 2008

	Pension Trust Fund	Supplementary Annuity Fund	Retiree Health Care Trust Fund	Total
Additions				
Investment income (loss):				
Interest and dividends	\$ 1,054,063	\$ -	\$ -	\$ 1,054,063
Net increases to fair market value	(2,133,847)	-	-	(2,133,847)
Less investment expenses	(363,241)	-	-	(363,241)
Total investment loss	(1,443,025)	-	-	(1,443,025)
Contributions:				
Employer	1,016,356	290,000	241,170	1,547,526
Employee	329,631	-	-	329,631
Contributions from Retiree Health Care Fund	394,691	-	-	394,691
Total additions	297,653	290,000	241,170	828,823
Deductions				
Pension payments	1,835,005	-	-	1,835,005
Benefit payments	-	209,456	-	209,456
Transfer to pension trust fund	-	-	394,691	394,691
Total deductions	1,835,005	209,456	394,691	2,439,152
Net Increase (Decrease)	(1,537,352)	80,544	(153,521)	(1,610,329)
Net Assets Held in Trust for Pension and Other Employee Benefits				
Beginning of year	37,099,920	788,255	153,521	38,041,696
End of year	<u>\$ 35,562,568</u>	<u>\$ 868,799</u>	<u>\$ -</u>	<u>\$ 36,431,367</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Net Assets Agency Funds June 30, 2008

	Agency Funds		
	Wayne County Tax Fund	Cash Bond Escrow Fund	Totals
Assets - Cash and cash equivalents	\$ 3,224	\$ 10,373	\$ 13,597
Liabilities			
Due to other governmental units	\$ 3,224	\$ -	\$ 3,224
Court bonds payable	-	10,373	10,373
Total liabilities	\$ 3,224	\$ 10,373	\$ 13,597

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Changes in Assets and Liabilities Agency Funds Fiscal Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<u>Wayne County Tax Fund</u>				
Assets - Cash and investments	<u>\$ 6,996</u>	<u>\$ 29,788,906</u>	<u>\$ 29,792,678</u>	<u>\$ 3,224</u>
Liabilities - Due to other governmental units	<u>\$ 6,996</u>	<u>\$ 29,788,906</u>	<u>\$ 29,792,678</u>	<u>\$ 3,224</u>
<u>Cash Bond Escrow Fund</u>				
Assets - Cash and investments	<u>\$ 15,402</u>	<u>\$ 90,195</u>	<u>\$ 95,224</u>	<u>\$ 10,373</u>
Liabilities - Court bonds payable	<u>\$ 15,402</u>	<u>\$ 90,195</u>	<u>\$ 95,224</u>	<u>\$ 10,373</u>
<u>Total Agency Funds</u>				
Assets - Cash and investments	<u>\$ 22,398</u>	<u>\$ 29,879,101</u>	<u>\$ 29,887,902</u>	<u>\$ 13,597</u>
Liabilities				
Due to other governmental units	\$ 6,996	\$ 29,788,906	\$ 29,792,678	\$ 3,224
Court bonds payable	<u>15,402</u>	<u>90,195</u>	<u>95,224</u>	<u>10,373</u>
Total liabilities	<u>\$ 22,398</u>	<u>\$ 29,879,101</u>	<u>\$ 29,887,902</u>	<u>\$ 13,597</u>

Statistical Section

City of Grosse Pointe Woods, Michigan

Statistical and Continuing Disclosure Contents

Statistical Information

Statistical information contained herein relates to the physical, economic, social, and political characteristics of the City. It is designed to provide a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements, notes, and supporting schedules presented in the financial section.

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Continuing Disclosure

Continuing disclosure information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market. Municipal bonds issued after July 3, 1995 are subject to this mandatory requirement.

Continuing disclosure requires certain annual financial information and operating data, including audited financial statements for the preceding fiscal year. This information is generally consistent with the information contained or cross-referenced in the official statement relating to the bonds.

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* Indicates schedules included in statistical information that fulfill continuing disclosure requirements

City of Grosse Pointe Woods, Michigan

Financial Trend Information Net Assets by Component Last Six Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental Activities						
Invested in capital assets - Net of related debt	\$ 7,301,103	\$ 6,921,840	\$ 12,611,930	\$ 16,543,166	\$ 19,660,463	\$ 24,238,535
Restricted	4,267,678	6,541,005	6,368,884	4,540,093	1,935,523	1,865,338
Unrestricted	7,078,409	7,849,979	4,080,522	4,804,341	5,897,053	4,702,799
Total net assets	<u>\$ 18,647,190</u>	<u>\$ 21,312,824</u>	<u>\$ 23,061,336</u>	<u>\$ 25,887,600</u>	<u>\$ 27,493,039</u>	<u>\$ 30,806,672</u>
Business-type Activities						
Invested in capital assets - Net of related debt	\$ 11,807,253	\$ 14,781,305	\$ 16,548,499	\$ 17,634,292	\$ 17,640,281	\$ 18,628,103
Restricted	-	-	-	-	453,789	453,789
Unrestricted	6,871,807	3,520,495	2,298,649	1,434,870	1,524,686	1,484,347
Total net assets	<u>\$ 18,679,060</u>	<u>\$ 18,301,800</u>	<u>\$ 18,847,148</u>	<u>\$ 19,069,162</u>	<u>\$ 19,618,756</u>	<u>\$ 20,566,239</u>
Primary Government in Total						
Invested in capital assets - Net of related debt	\$ 19,108,356	\$ 21,703,145	\$ 29,160,429	\$ 34,177,458	\$ 37,300,744	\$ 42,866,638
Restricted	4,267,678	6,541,005	6,368,884	4,540,093	2,389,312	2,319,127
Unrestricted	13,950,216	11,370,474	6,379,171	6,239,211	7,421,739	6,187,146
Total net assets	<u>\$ 37,326,250</u>	<u>\$ 39,614,624</u>	<u>\$ 41,908,484</u>	<u>\$ 44,956,762</u>	<u>\$ 47,111,795</u>	<u>\$ 51,372,911</u>

City of Grosse Pointe Woods, Michigan

Financial Trend Information Changes in Governmental Net Assets Last Six Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses - Governmental activities						
General government	\$ 2,068,634	\$ 2,025,228	\$ 2,960,392	\$ 1,743,401	\$ 1,819,279	\$ 2,438,663
Municipal court	240,920	313,281	399,726	382,120	402,779	370,151
Police, fire, and EMS	4,430,143	4,933,399	5,445,354	5,426,841	6,506,973	5,990,280
Building inspections and related	-	226,857	221,821	243,308	268,031	274,543
Legislature	137,555	124,418	157,683	126,924	108,343	115,827
Rubbish disposal	1,210,320	1,226,878	1,460,884	1,352,824	1,390,686	1,473,425
Street lighting	-	522,465	528,829	539,815	535,207	530,355
Other public works activities	3,584,922	3,176,634	2,650,533	3,994,123	3,543,532	3,323,980
Municipal improvement	159,066	72,408	44,676	30,127	196,696	270,819
Recreation and culture	1,523,565	1,610,864	1,872,760	2,014,389	2,386,985	2,040,528
Interest on long-term debt	450,019	396,661	283,417	271,234	207,182	238,813
Total expenses - Governmental activities	13,805,144	14,629,093	16,026,075	16,125,106	17,365,693	17,067,384
Program Revenues						
Charges for services:						
Municipal court	866,321	595,207	717,903	876,197	768,596	805,958
Building inspections and related	397,506	227,939	154,376	276,150	-	-
Recreation and culture	149,528	148,756	135,335	150,630	158,763	-
Other activities	552,563	1,499,491	1,743,905	1,326,003	509,323	872,235
Total charges for services	1,965,918	2,471,393	2,751,519	2,628,980	1,436,682	1,678,193
Operating grants and contributions	188,188	77,979	81,447	41,464	1,011,171	943,139
Total program revenues	2,154,106	2,549,372	2,832,966	2,670,444	2,447,853	2,621,332
Net Expense	(11,651,038)	(12,079,721)	(13,193,109)	(13,454,662)	(14,917,840)	(14,446,052)
General Revenues						
Property taxes	11,963,222	12,285,813	12,742,873	14,083,603	15,181,945	15,551,944
State-shared revenues	2,734,619	2,607,456	2,594,918	2,608,124	1,682,742	1,667,431
Investment earnings	712,300	438,694	219,518	246,448	238,139	733,693
Donations	-	91,413	139,312	97,251	-	-
Franchise fees	-	-	-	-	230,453	238,054
Transfers	(750,000)	(754,000)	(754,000)	(754,500)	(810,000)	(802,000)
Total general revenues	14,660,141	14,669,376	14,942,621	16,280,926	16,523,279	17,389,122
Change in Net Assets	\$ 3,009,103	\$ 2,589,655	\$ 1,749,512	\$ 2,826,264	\$ 1,605,439	\$ 2,943,070

Source: City annual financial statements

City of Grosse Pointe Woods, Michigan

	Fiscal Year				
	1999	2000	2001	2002	2003
Operating Revenue					
Sale of water/sewer charges	\$ 4,185,785	\$ 4,248,401	\$ 3,631,461	\$ 3,811,760	\$ 4,043,562
Interest and penalty charges	37,771	34,289	33,694	37,381	37,547
Docking fees	161,545	150,333	166,358	178,948	177,707
Other charges for services	483,516	501,205	663,150	495,242	433,451
Total operating revenue	4,868,617	4,934,228	4,494,663	4,523,331	4,692,267
Operating Expenses					
Cost of sewage treatment	1,814,357	1,586,179	2,013,316	1,783,324	2,340,105
Administration	635,286	503,128	436,531	566,209	924,289
Other operating and maintenance costs	481,817	549,778	860,400	564,892	751,823
Billing and administration costs	355,000	331,000	331,000	331,000	316,000
Depreciation	359,025	387,914	445,180	492,025	512,515
Total operating expenses	3,645,485	3,357,999	4,086,427	3,737,450	4,844,732
Operating Income (Loss)	1,223,132	1,576,229	408,236	785,881	(152,465)
Nonoperating Revenue (Expenses)					
Investment income	131,051	142,317	163,141	80,872	45,380
Interest expense	(64,800)	(59,313)	(80,196)	(116,671)	(85,939)
Total nonoperating revenue (expenses)	66,251	83,004	82,945	(35,799)	(40,559)
Income (Loss) - Before contributions	1,289,383	1,659,233	491,181	750,082	(193,024)
Capital Contributions from Grants	-	-	-	-	-
Transfers In	-	-	-	-	750,000
Charges from ISF	(232,000)	(333,000)	(335,000)	(308,000)	(245,000)
Change in Net Assets	<u>\$ 1,057,383</u>	<u>\$ 1,326,233</u>	<u>\$ 156,181</u>	<u>\$ 442,082</u>	<u>\$ 311,976</u>

Source: City annual financial statements

Financial Trend Information
Changes in Business-type Net Assets
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Fiscal Year				
2004	2005	2006	2007	2008
\$ 3,915,305	\$ 4,266,500	\$ 4,353,731	\$ 4,696,657	\$ 4,594,730
36,831	39,607	43,124	-	-
178,704	171,859	173,153	164,601	162,468
472,337	645,352	498,563	318,662	346,801
4,603,177	5,123,318	5,068,571	5,179,920	5,103,999
2,457,071	2,547,816	2,897,187	2,860,367	2,986,841
1,151,719	701,706	678,827	767,298	911,677
804,381	721,978	663,009	579,364	565,066
326,000	300,000	300,000	275,000	200,000
561,880	604,018	636,923	658,063	672,737
5,301,051	4,875,518	5,175,946	5,140,092	5,336,321
(697,874)	247,800	(107,375)	39,828	(232,322)
69,055	24,481	42,555	53,417	26,241
(210,941)	(196,933)	(186,296)	(172,524)	(170,079)
(141,886)	(172,452)	(143,741)	(119,107)	(143,838)
(839,760)	75,348	(251,116)	(79,279)	(376,160)
-	-	-	125,373	731,943
754,000	754,000	754,500	810,000	802,000
(291,500)	(284,000)	(282,000)	(306,500)	(210,300)
<u>\$ (377,260)</u>	<u>\$ 545,348</u>	<u>\$ 221,384</u>	<u>\$ 549,594</u>	<u>\$ 947,483</u>

City of Grosse Pointe Woods, Michigan

	Fiscal Year				
	1999	2000	2001	2002	2003
General Fund - Unreserved					
Designated	\$ -	\$ -	\$ -	\$ -	\$ -
Undesignated	<u>4,326,818</u>	<u>4,640,450</u>	<u>4,543,928</u>	<u>4,707,884</u>	<u>4,803,828</u>
Total General Fund	4,326,818	4,640,450	4,543,928	4,707,884	4,803,828
All Other Governmental Funds					
Designated:					
Special Revenue Funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	-
Reserved	2,557,346	1,579,663	1,486,174	1,504,590	4,267,678
Unreserved, reported in:					
Special Revenue Funds	761,262	1,775,810	2,286,206	2,033,723	1,601,160
Capital Project Funds	-	-	-	-	239,997
Debt Service Funds	<u>3,418</u>	<u>4,252</u>	<u>1,036</u>	<u>563</u>	<u>4,207</u>
Total General Fund and all other governmental funds	<u>\$ 7,648,844</u>	<u>\$ 8,000,175</u>	<u>\$ 8,317,344</u>	<u>\$ 8,246,760</u>	<u>\$ 10,916,870</u>

Source: City annual financial statements

Financial Trend Information
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year				
2004	2005	2006	2007	2008
\$ -	\$ -	\$ -	\$ 500,000	\$ 673,600
<u>4,887,262</u>	<u>4,889,093</u>	<u>4,674,366</u>	<u>2,862,514</u>	<u>2,367,734</u>
4,887,262	4,889,093	4,674,366	3,362,514	3,041,334
-	-	-	317,247	77,609
-	-	-	35,000	19,060
5,884,353	4,113,798	4,040,089	-	-
2,842,700	1,317,011	674,931	3,395,765	2,390,161
229,333	138,075	-	50,033	210,272
<u>-</u>	<u>-</u>	<u>-</u>	<u>970,061</u>	<u>1,176,240</u>
<u>\$ 13,843,648</u>	<u>\$ 10,457,977</u>	<u>\$ 9,389,386</u>	<u>\$ 8,130,620</u>	<u>\$ 6,914,676</u>

City of Grosse Pointe Woods, Michigan

	Fiscal Year			
	1999	2000	2001	2002
Revenue				
Property taxes	\$ 10,730,980	\$ 10,608,265	\$ 10,770,906	\$ 11,356,910
State and local sources	858,392	901,267	897,078	884,297
Intergovernmental taxes	2,413,386	2,162,019	2,107,637	1,956,485
Delinquent interest and collection fee income	250,914	238,503	253,713	256,514
Federal financial assistance	36,000	34,000	34,000	34,000
Other revenue	2,554,844	2,450,759	2,387,762	2,162,675
Investment income	-	-	-	-
Donations	58,692	70,229	160,966	87,974
Total revenue	16,903,208	16,465,042	16,612,062	16,738,855
Expenditures				
Current:				
General government	1,561,042	1,727,984	1,728,964	1,900,793
Public safety	4,470,085	4,318,488	4,509,338	4,519,666
Public works	797,149	797,303	847,871	761,797
Recreation and culture	1,159,886	1,265,700	1,431,515	1,494,075
Miscellaneous	5,952,393	4,002,248	4,915,174	5,588,980
Capital outlay	1,772,326	1,611,614	420,796	307,995
Debt administration:				
Principal	2,212,544	1,833,856	1,823,456	1,885,755
Interest	-	-	-	-
Total expenditures	17,925,425	15,557,193	15,677,114	16,459,061
Excess of Revenue Over (Under) Expenditures	(1,022,217)	907,849	934,948	279,794
Other Financing Sources (Uses)				
Debt issuance	-	-	200,530	-
Transfers in	3,068,200	3,485,200	3,513,844	3,379,452
Transfers out	(3,554,200)	(4,015,200)	(4,185,844)	(4,086,452)
Total other financing sources (uses)	(486,000)	(530,000)	(471,470)	(707,000)
Net Change in Fund Balances	(1,508,217)	377,849	463,478	(427,206)
Fund Balances - Beginning of year (as restated)	12,121,573	10,613,357	10,991,206	11,454,684
Fund Balances - End of year	\$ 10,613,356	\$ 10,991,206	\$ 11,454,684	\$ 11,027,478
Debt service as a percentage of noncapital expenditures	13.70%	13.15%	11.95%	11.68%

* Beginning fund balance for fiscal year 2008 was restated. See Note I for details.

Source: City annual financial statements

Financial Trend Information
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 11,963,222	\$ 12,285,813	\$ 12,742,873	\$ 14,083,603	\$ 14,727,101	\$ 15,082,641
2,734,619	2,607,456	2,594,914	2,608,124	2,565,900	2,481,832
-	-	-	-	-	-
262,194	276,548	306,283	325,632	350,413	395,910
96,953	32,000	81,447	41,464	20,564	-
2,416,024	2,593,351	2,445,239	2,303,348	1,929,902	2,193,987
-	162,146	219,518	246,448	238,678	731,478
91,235	91,413	139,312	97,251	-	-
17,564,247	18,048,727	18,529,586	19,705,870	19,832,558	20,885,848
2,016,549	2,187,028	2,253,072	2,342,482	3,013,153	3,749,368
4,605,798	4,661,117	4,988,001	5,408,713	5,042,765	4,717,501
834,981	822,600	816,472	875,237	906,530	964,247
1,523,565	1,610,864	1,635,410	1,750,909	2,936,496	1,686,488
5,993,123	5,284,069	7,307,338	7,526,139	7,800,076	7,197,683
250,473	263,374	283,238	393,476	196,696	270,819
1,700,366	1,713,897	3,867,764	1,406,272	1,458,497	2,823,747
-	-	-	271,234	252,109	260,502
16,924,855	16,542,949	21,151,295	19,974,462	21,606,322	21,670,355
639,392	1,505,778	(2,621,709)	(268,592)	(1,773,764)	(784,507)
-	2,175,000	-	-	1,325,000	-
3,186,303	3,334,690	3,461,978	4,102,869	5,091,500	3,170,034
(3,936,303)	(4,088,690)	(4,225,940)	(4,902,869)	(5,901,500)	(3,972,034)
(750,000)	1,421,000	(763,962)	(800,000)	515,000	(802,000)
(110,608)	2,926,778	(3,385,671)	(1,068,592)	(1,258,764)	(1,586,507)
11,027,478	10,916,870	13,843,647	10,457,976	9,389,384	8,501,183 *
\$ 10,916,870	\$ 13,843,648	\$ 10,457,976	\$ 9,389,384	\$ 8,130,620	\$ 6,914,676
10.20%	10.53%	18.53%	8.57%	7.99%	14.41%

City of Grosse Pointe Woods, Michigan

Revenue Capacity Information Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Inter-governmental Revenue	Licenses and Permits	Federal Financial Assistance	Charges for Services	Interest and Miscellaneous	Total Revenue
1999	\$ 10,730,980	\$ 3,271,778	\$ 250,914	\$ 36,000	\$ 2,554,844	\$ 58,692	\$ 16,903,208
2000	10,608,265	3,063,286	238,503	34,000	2,450,759	70,229	16,465,042
2001	10,770,906	3,004,715	253,713	34,000	2,387,762	160,966	16,612,062
2002	11,356,910	2,840,782	256,514	34,000	2,162,675	87,974	16,738,855
2003	11,963,222	2,734,619	262,194	96,953	2,416,024	91,235	17,564,247
2004	12,285,813	2,607,456	276,548	32,000	2,593,351	253,559	18,048,727
2005	12,742,873	2,594,914	306,283	81,447	2,445,239	358,830	18,529,586
2006	14,083,603	2,608,124	325,632	41,464	2,303,348	343,699	19,705,870
2007	14,727,101	2,565,900	350,413	20,564	1,929,902	238,678	19,832,558
2008	15,082,641	2,481,832	395,910	-	2,193,987	731,478	20,885,848

Source: City annual financial statements

City of Grosse Pointe Woods, Michigan

Revenue Capacity Information Assessed Value and Actual Value of Taxable Property Last Ten Years

Taxable Value by Property Type (1)								Taxable Value as a Percent of Total
Real Property								
Tax Year	Residential	Commercial	Industrial	Personal	Total Value	Tax Rate (Mills)	Estimated Actual Value	
1999	\$ 578,605,810	\$ 38,546,240	\$ 75,330	\$ 12,392,215	\$ 610,299,625	16.7781	\$ 1,305,570,210	46.75%
2000	600,228,640	38,778,610	76,760	13,159,500	630,386,880	16.1771	1,427,690,760	44.15%
2001	631,897,260	40,995,150	79,210	13,525,090	652,775,780	15.9601	1,587,632,780	41.12%
2002	884,043,630	56,054,000	100,800	14,554,200	722,061,149	15.9324	1,909,505,260	37.81%
2003	900,917,728	58,588,300	104,000	15,204,870	747,023,290	16.0301	1,949,629,796	38.32%
2004	926,166,500	59,918,650	105,300	17,757,800	778,377,290	15.8159	2,007,896,500	38.77%
2005	943,491,400	65,834,100	110,100	19,677,000	813,304,250	17.2597	2,058,225,200	39.51%
2006	937,491,730	70,116,000	114,500	15,270,200	838,542,390	17.2368	2,045,984,860	40.98%
2007	935,577,570	74,871,700	118,200	16,723,700	867,467,911	17.2368	2,054,582,340	42.22%
2008	832,163,456	79,091,000	121,400	14,187,800	847,756,558	16.9883	1,851,127,312	45.80%

(1) Under Michigan law, the revenue base is referred to as "taxable value." This amount represents assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation.

Taxes levied in a particular "tax year" become revenues in the subsequent fiscal year.

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan

Millage Rates - Direct City Taxes (1)							Overlapping	
Tax Year	General Operating	Voted EMS	Voted Park Bond	Statutory Solid Waste	Ch 20/21 Milk River Drain	Total Direct Taxes	County	H.C.M.A.
1999	9.1311	0.5000	0.6045	2.1625	4.3800	16.7781	8.2600	0.2200
2000	9.2752	0.4996	0.5839	2.0384	3.7800	16.1771	8.2400	0.2200
2001	9.1892	0.4986	0.6688	2.0935	3.5100	15.9601	8.1800	0.2200
2002	9.2010	0.4980	0.6555	2.1179	3.4600	15.9324	8.1900	0.2200
2003	9.2306	0.4551	0.6559	2.1485	3.5400	16.0301	8.4200	0.2161
2004	9.3983	0.4526	0.6710	1.9280	3.3660	15.8159	8.4200	0.2154
2005	10.2108	0.3690	0.5656	1.8443	4.2700	17.2597	8.4200	0.2146
2006	10.1847	0.3578	0.5665	1.8807	4.2471	17.2368	8.4120	0.2146
2007	10.1847	0.3578	0.5665	1.8807	4.2471	17.2368	8.4120	0.2146
2008	10.1847	0.3578	0.5665	1.8807	3.9986	16.9883	8.5120	0.2146

(1) Includes general operating, public safety, recreation, and culture

(2) Previously termed homestead and nonhomestead

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents as follows:

2007	14.0492	0.4476	0.6100	2.6859	n/a
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Source: Comptroller's office

Revenue Capacity Information
Direct and Overlapping Property Tax Rates
Last Ten Years

Taxes					Total Tax Rate (2)	
Community College	Grosse Pointe Library	Intermediate School District	School District Principal	School District Nonprincipal	Principal	Non- principal
1.1500	1.1400	2.0000	13.7765	24.0000	43.3246	53.5481
1.0000	1.5000	1.9789	13.4234	23.8236	42.5394	52.9396
2.4995	1.6321	1.9753	13.1340	23.4207	43.6010	53.8877
2.4862	1.6074	3.4643	13.7291	24.2632	45.6294	56.1635
2.4862	1.5829	3.4643	13.0431	23.3187	45.2427	55.5183
2.4844	1.5000	3.4643	14.8384	25.1152	46.7384	57.0152
2.4769	1.5000	3.4643	14.5498	26.2851	47.8853	59.6206
2.4769	1.5413	3.4643	14.5498	26.2851	47.8957	59.6310
2.4769	1.5412	3.4643	14.5498	26.2851	47.8956	59.6309
2.4769	1.5412	3.4643	14.0165	26.2499	47.2138	59.4472

City of Grosse Pointe Woods, Michigan

Revenue Capacity Information Principal Property Taxpayers (Major Taxpayers) Current Year and Nine Years Ago

Taxpayer	Type of Business	2008 Taxable Value	Percentage of Total City Value	1998 Taxable Value	Percentage of Total City Value	1998 Rank (1)
1 Lochmoor Club	Private Club	\$ 5,216,062	0.01	\$ 3,699,320	0.01	1
2 Sunrise of Grosse Pointe Woods	Assisted Living	4,667,219	0.01	-	0.01	n/a
3 Pointe Plaza	Office Bldg.	4,365,600	0.01	3,381,110	0.01	3
4 Colliers International	Rental	4,267,529	0.01	-	-	n/a
5 AL U.S. / GP Woods II	Senior Housing	3,339,863	-	-	-	n/a
6 Kroger Co. of Mich.	Grocery	2,748,886	-	-	-	n/a
7 Detroit Edison	Utility	2,730,000	-	3,731,860	-	2
8 Michigan Cons. Gas Co.	Utility	1,700,400	-	2,296,870	-	4
9 St. John Hospital	Hospital	1,497,764	-	1,641,020	-	7
10 Grosse Pointe Hunt Club	Private Club	1,479,483	-	1,013,880	-	8
Total		<u>\$ 32,012,806</u>	<u>0.04</u>	<u>\$ 15,764,060</u>	<u>0.03</u>	
Total City Taxable Value		<u>\$ 847,756,558</u>		<u>\$ 610,299,625</u>		

(1) A complete rank of top ten taxpayers in 1998 is unavailable

Source: City of Grosse Pointe Woods Assessing Department records

City of Grosse Pointe Woods, Michigan

	1999	2000	2001	2002
Governmental Activities				
General obligation bonds (GOB)	\$ 4,270,000	\$ 3,890,000	\$ 3,475,000	\$ 3,025,000
GOB installment note	-	-	200,530	158,182
GOB contract - Wayne County Drain	<u>14,580,458</u>	<u>13,476,337</u>	<u>12,605,139</u>	<u>11,709,741</u>
Total	18,850,458	17,366,337	16,280,669	14,892,923
Business-type Activities				
Installment purchase agreements	-	-	1,409,470	1,111,818
Revenue bonds	<u>1,475,000</u>	<u>1,325,000</u>	<u>1,155,000</u>	<u>985,000</u>
Total	<u>1,475,000</u>	<u>1,325,000</u>	<u>2,564,470</u>	<u>2,096,818</u>
Total debt of the government	<u>\$ 20,325,458</u>	<u>\$ 18,691,337</u>	<u>\$ 18,845,139</u>	<u>\$ 16,989,741</u>
Total taxable value	\$ 610,299,625	\$ 630,386,880	\$ 652,775,780	\$ 722,061,149
Ratio of total debt to taxable value	3.33%	2.97%	2.89%	2.35%
Total population	17,715	17,215	17,080	17,080
Total debt per capita	\$ 1,147	\$ 1,086	\$ 1,103	\$ 995

Source: City annual financial statements; population data reported from demographics schedule

Debt Capacity Information
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

2003	2004	2005	2006	2007	2008
\$ 2,745,000	\$ 4,610,000	\$ 2,155,000	\$ 1,750,000	\$ 1,320,000	\$ 880,000
107,182	55,426	-	-	1,325,000	-
<u>10,784,094</u>	<u>9,834,246</u>	<u>8,860,199</u>	<u>7,858,927</u>	<u>6,830,430</u>	<u>5,771,683</u>
13,636,276	14,499,672	11,015,199	9,608,927	9,475,430	6,651,683
757,262	389,574	-	-	-	-
<u>6,095,000</u>	<u>5,910,000</u>	<u>5,705,000</u>	<u>5,510,000</u>	<u>5,300,000</u>	<u>5,050,000</u>
<u>6,852,262</u>	<u>6,299,574</u>	<u>5,705,000</u>	<u>5,510,000</u>	<u>5,300,000</u>	<u>5,050,000</u>
<u>\$ 20,488,538</u>	<u>\$ 20,799,246</u>	<u>\$ 16,720,199</u>	<u>\$ 15,118,927</u>	<u>\$ 14,775,430</u>	<u>\$ 11,701,683</u>
\$ 747,023,290	\$ 778,377,290	\$ 813,304,250	\$ 838,542,390	\$ 867,467,911	\$ 847,756,558
2.74%	2.67%	2.06%	1.80%	1.70%	1.38%
17,080	17,080	17,080	17,080	17,080	17,080
\$ 1,200	\$ 1,218	\$ 979	\$ 885	\$ 865	\$ 685

City of Grosse Pointe Woods, Michigan

Debt Capacity Information Pledged-revenue Coverage Last Ten Fiscal Years

Debt Service Requirements (3)							
Fiscal Years Ended June 30	Gross Revenues (1)	Applicable Expenses (2)	Net Revenues	Principal	Interest	Total	Coverage
1999	\$ 4,287,752	\$ 2,948,960	\$ 1,338,792	\$ 129,719	\$ 64,800	\$ 194,519	6.88
2000	4,355,092	2,728,037	1,627,055	150,000	59,313	209,313	7.77
2001	3,885,071	3,299,632	585,439	170,000	80,916	250,916	2.33
2002	3,830,999	2,988,262	842,737	467,652	116,671	584,323	1.44
2003	4,112,139	4,079,550	32,589	544,556	85,940	630,496	0.05 (4)
2004	4,007,523	4,413,105	(405,582)	552,688	210,941	763,629	- (4)
2005	4,523,148	4,463,250	59,898	205,000	196,933	401,933	0.15 (4)
2006	4,558,523	4,255,169	303,354	195,000	186,296	381,296	0.80 (4)
2007	4,696,657	4,310,669	385,988	210,000	172,524	382,524	1.01 (4)
2008	4,594,730	4,430,308	164,422	250,000	170,079	420,079	0.39 (4)

Notes

- (1) Exclusive of nonoperating revenues
- (2) Exclusive of depreciation charges and nonoperating expenditures
- (3) Includes principal and interest of revenue bonds only
- (4) The Water/Sewer Fund had operating transfers in from other funds in an amount which would cover the debt service requirement.

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan

Debt Capacity Information Ratios of General Bonded Debt Outstanding Last Ten Years

Fiscal Years Ended June 30	Population Per Federal Census	Adjusted Taxable Equalized Valuation	General Obligation Bonds Outstanding	Percent Debt to Assessed Value	Debt Per Capita
1999	17,715	\$ 610,299,625	\$ 18,850,458	3.09%	\$ 1,064
2000	17,215	630,386,880	17,366,337	2.75%	1,009
2001	17,080 (1)	652,775,780	16,280,669	2.49%	953
2002	17,080	722,061,149	14,892,924	2.06%	872
2003	17,080	747,023,290	13,636,276	1.83%	798
2004	17,080	778,377,290	14,499,672	1.86%	849
2005	17,080	813,304,250	11,015,199	1.35%	645
2006	17,080	838,542,390	9,608,927	1.15%	563
2007	17,080	867,467,911	9,475,430	1.09%	555
2008	17,080	847,756,558	6,651,683 (2)	0.78%	389

Source: Comptroller's Office

(1) Based upon 2000 federal census

(2) 2003 recreation funding \$ 880,000
County contractual 5,771,683

Total \$ 6,651,683

City of Grosse Pointe Woods, Michigan

Debt Capacity Information Direct and Overlapping Debt June 30, 2008

	Debt Outstanding	Percent Applicable to City	Estimated Share of Overlapping Debt
Direct debt, general obligation debt	\$ 2,645,000	100.00	\$ 2,645,000
Overlapping debt:			
Grosse Pointe Public Library	17,900,000	27.00	4,833,000
Grosse Pointe Public Schools	62,470,000	27.00	16,866,900
County of Wayne Building Authority and Debt Fund	92,441,826	2.00	1,848,837
Wayne County Community College	50,100,000	3.00	1,503,000
Total overlapping debt	222,911,826		25,051,737
Total direct and overlapping debt	<u><u>\$ 225,556,826</u></u>		<u><u>\$ 27,696,737</u></u>

Source: Municipal Advisory Council of Michigan

City of Grosse Pointe Woods, Michigan

	1999	2000	2001	2002
Calculation of Debt Limit (1)				
Taxable valuation	\$ 610,299,625	\$ 630,386,880	\$ 652,775,780	\$ 687,858,080
Debt limit (10% of equalized value)	61,029,963	63,038,688	65,277,578	68,785,808
Calculation of Debt Subject to Limit				
Total debt	20,565,458	18,896,337	19,015,139	17,119,741
Less Debt Not Subject to Charter Limitations				
Michigan Transportation Fund Bonds	535,000	370,000	190,000	-
Water and Sewer Revenue Bonds 1993	1,475,000	1,325,000	1,155,000	985,000
Grosse-Gratiot Drain/Milk River Debt	14,580,458	13,476,337	12,605,139	11,709,742
Water/Sewer Installment Note	-	-	-	-
Water/Sewer Revenue Bonds 2003	-	-	1,409,470	1,111,818
Total debt not subject to Charter limitations	16,590,458	15,171,337	15,359,609	13,806,560
Total net debt (2)	3,975,000	3,725,000	3,655,530	3,313,181
Legal debt margin	<u>\$ 57,054,963</u>	<u>\$ 59,313,688</u>	<u>\$ 61,622,048</u>	<u>\$ 65,472,627</u>
Net debt subject to limit as percentage of debt limit	6.97%	6.28%	5.93%	5.06%

(1) The legal debt limit continues to be derived from State Equalized Value (SEV), not Taxable Value (TV).

(2) Amount does not include water and sewer and county contractual obligations.

Source: Comptroller's Office

Debt Capacity Information
Legal Debt Margin
Last Ten Fiscal Years

2003	2004	2005	2006	2007	2008
\$ 723,570,576	\$ 747,023,290	\$ 778,377,290	\$ 813,304,250	\$ 867,467,911	\$ 847,756,558
72,357,058	74,702,329	77,837,729	81,330,425	86,746,791	84,775,656
20,578,538	20,844,246	16,720,199	15,118,927	14,775,430	11,701,683
-	-	-	-	-	-
795,000	610,000	405,000	210,000	-	-
10,784,094	9,834,247	8,860,199	7,858,927	6,830,430	5,771,684
757,262	389,574	-	-	-	-
5,300,000	5,300,000	5,300,000	5,300,000	5,300,000	5,050,000
17,636,356	16,133,821	14,565,199	13,368,927	12,130,430	10,821,683
2,942,182	4,710,425	2,155,000	1,750,000	2,645,000	880,000
\$ 69,414,876	\$ 69,991,904	\$ 75,682,729	\$ 79,580,425	\$ 84,101,791	\$ 83,895,656
4.24%	6.73%	2.85%	2.20%	3.14%	1.05%

City of Grosse Pointe Woods, Michigan

Demographic and Economic Information Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Estimated Number of Households	Per Capita Personal Income	Median Age	Unemployment Rate	School Enrollment
1999	18,200	(5)	(5)	\$ 21,000	(5)	1.20%	8,666
2000	18,215	(5)	(2)	49,200 (1)	(2)	1.10%	8,708
2001	17,080 (2)	(5)	(5)	30,050	(5)	1.25%	8,873
2002	17,080	(5)	(5)	38,653	(5)	1.50%	8,900 (3)
2003	17,080	(5)	(5)	42,364	(5)	1.40%	8,900 (3)
2004	17,080	(5)	(5)	43,600	(5)	1.50%	9,182
2005	17,080	(5)	(5)	44,720	(5)	1.74%	8,986
2006	17,080	(5)	(4)	46,151	(4)	3.26%	8,912
2007	16,437 (1)	(5)	6,420	(5)	(5)	4.60%	8,873
2008	17,080	(5)	(5)	(5)	(5)	9.30%	8,900 (3)

(1) Information obtained from SEMCOG

(2) 2000 population from U.S. Census

(3) Estimate

(4) 2005 Census Department - American Community Survey Data Profile Review

(5) Information not available

City of Grosse Pointe Woods, Michigan

Demographic and Economic Information Principal Employers

Taxpayer	Enterprise	2008 Employees	1999 Employees	1999 Rank
1 Van Elslander Center	Medical	5,000	(1)	(1)
2 Children's Home of Detroit	Child Care	140	(1)	(1)
3 University of Liggett	School	128	(1)	(1)
4 Great Lakes Cancer Mgt Specialist	Medical	103	(1)	(1)
5 St. John Inf. & Human Resources	Medical Business	100	(1)	(1)
6 Lochmoor Club	Country Club	100	(1)	(1)
7 City of Grosse Pointe Woods	Municipal	98	(1)	(1)
8 Grosse Pointe Hunt Club	Private Club	80	(1)	(1)
9 Big Boy-Curis Restaurant Group	Restaurant	60	(1)	(1)
10 G.P. Physicians X-Ray, Inc.	Medical	55	(1)	(1)

(1) Data from nine years earlier is not readily available

Source: City Business License Registry

City of Grosse Pointe Woods, Michigan

Operating Information Full-time Equivalent Government Employees by Function (1) Last Ten Fiscal Years

Department	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Percent of Total for 2008
Supervisor/Assessing	(2)	(2)	(2)	(2)	(2)	(2)	(2)	3	3	2	3
Clerk's Office	(2)	(2)	(2)	(2)	(2)	(2)	(2)	3	3	3	3
Treasurer's Office	(2)	(2)	(2)	(2)	(2)	(2)	(2)	6	5	5	5
Municipal Court	(2)	(2)	(2)	(2)	(2)	(2)	(2)	3	3	3	3
Information Systems	(2)	(2)	(2)	(2)	(2)	(2)	(2)	2	2	2	2
Building	(2)	(2)	(2)	(2)	(2)	(2)	(2)	3	3	3	3
Parks and Recreation	(2)	(2)	(2)	(2)	(2)	(2)	(2)	4	4	4	4
Public Safety	(2)	(2)	(2)	(2)	(2)	(2)	(2)	52	54	54	53
Public Works	(2)	(2)	(2)	(2)	(2)	(2)	(2)	27	25	25	24
Total	-	-	-	-	-	-	-	103	102	101	100

(1) Full-time employees reported only; data is not available for equivalent part-time positions.

(2) Data not available

Source: City personnel records

City of Grosse Pointe Woods, Michigan

Function/Program	1998	1999	2000	2001	2002
Public safety (calendar year Jan 1 - Dec 31):					
Police physical arrests	700	714	620	518	583
Police traffic violations	9,991	8,216	4,357	5,817	7,056
Fire runs	97	125	86	84	81
Fire actual fires	24	21	27	24	12
Fire basic ambulance runs	386	385	404	443	418
Fire Advance Life Support ambulance runs	280	189	173	145	206
Fire inspections	Fire inspections were not reported separately during calendar years 1997-2001				84
Parks and recreation (estimated):					
Recreation programs - Lake Front Park	235	236	239	242	238
Community center programs	26	24	23	24	24
Water:					
New connections (calendar year Jan 1 - Dec 31)	-	3	2	19	2
Water main breaks	(1)	(1)	(1)	(1)	(1)
Total consumption (billed - HCF)	915,569	1,017,854	979,385	860,965	950,135

(1) Information not available

(2) Information not applicable, as function reports operating indicators on a calendar year

Source: City Departmental Operational Reports

Operating Information
Operating Indicators by Function
Last Ten Fiscal Years

2003	2004	2005	2006	2007	2008
542	477	770	478	(2)	805
5,183	5,857	6,045	2,887	(2)	4,181
79	77	80	39	(2)	55
12	8	16	4	(2)	4
439	481	466	466	(2)	424
197	193	263	169	(2)	328
97	53	53	66	(2)	215
265	345	338	428	388	261
24	22	22	24	24	40
2	5	5	3	5	1
(1)	(1)	(1)	(1)	(1)	36
990,645	954,848	920,271	1,006,841	887,693	1,064,580

City of Grosse Pointe Woods, Michigan

Operating Information Capital Asset Statistics by Function

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public safety:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	8	8	8	8	8	8	8	8	8	8
Fire trucks	3	3	3	3	3	3	3	3	3	3
Ambulances	1	1	1	1	1	1	1	1	1	1
Parks and recreation:										
Acreage	92	92	92	92	92	92	92	92	92	92
Playgrounds	5	5	5	5	5	5	5	5	5	5
Soccer fields	2	2	2	2	2	2	2	2	2	2
Baseball/Softball diamonds	5	5	5	5	5	5	5	5	5	5
Water:										
Mains (miles)	60	60	60	60	60	60	60	60	63	63
Fire hydrants	603	603	603	603	603	603	603	603	606	603
Sewer - Miles of sanitary sewers	75	75	75	75	75	75	75	75	78	78

Source: Departmental annual reports

City of Grosse Pointe Woods, Michigan

Continuing Disclosure State-shared Revenues Last Ten Fiscal Years

<u>Fiscal Years Ended</u>	<u>Modified Accrual and Accrual Basis of Accounting</u>
1999	\$ 2,413,385
2000	2,162,019
2001	2,107,637
2002	1,956,485
2003	1,842,388
2004	1,656,709
2005	1,655,968
2006	1,682,170
2007	1,570,567
2008	1,584,047

Source: Comptroller's office

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Gas and Weight Taxes Last Ten Fiscal Years

Fiscal Years Ended June 30	Type of Street		Total Gas and Weight Tax (Act 51) Receipts
	Major	Local	
1999	\$ 610,843	\$ 247,549	\$ 858,392
2000	641,120	260,147	901,267
2001	638,177	258,901	897,078
2002	628,429	255,868	884,297
2003	633,886	258,345	892,231
2004	675,278	275,469	950,747
2005	665,770	273,506	939,276
2006	656,119	269,835	925,954
2007	700,767	288,920	989,687
2008	636,344	261,441	897,785

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Labor Agreements June 30, 2008

Bargaining Unit	Expiration Date	Number of Employees
Police Officers Association of Michigan Represents police officers	6/30/2007	28
Command Officers Association of Michigan Represents police corporals, sergeants, and lieutenants	6/30/2006	10
Police Officers Labor Council Represents all paramedics/fire specialists and dispatchers	6/30/2007	10
The American Federation of State, County, and Municipal Employees AFL-CIO Represents clerical, public works employees, building, and ordinance officers	6/30/2007	29
Nonunion Employees		
City Administrator	N/A	1
Executive Assistant	N/A	1
City Assessor	N/A	1
Deputy City Assessor	N/A	1
Comptroller/Treasurer	N/A	1
Deputy Treasurer/Human Resource Coordinator	N/A	1
Assistant to the Comptroller	N/A	1
Utility Billing Manager	N/A	1
City Clerk	N/A	1
Assistant to the City Clerk	N/A	1
Public Safety Director	N/A	1
Deputy Public Safety Director	N/A	1
Court Clerk	N/A	1
Probation Officer	N/A	1
Information Technology Manager	N/A	1
Information Systems Technician	N/A	1
Building Official	N/A	1
Director of Public Works	N/A	1
Public Works Superintendent	N/A	1
Foreman	N/A	2
Facilities Manager	N/A	1
Community Center Supervisor	N/A	1
Recreation Supervisor	N/A	1
Confidential Administrative Assistant	N/A	3

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Water and Sewer Customers and Consumption June 30, 2008

User Type	Number of Meters	Water Consumption Volume (100 cubic feet)	Percentage of Consumption
Residential	6,548	22,523	90.14%
Commercial	284	1,737	6.95%
Churches, schools and, government	30	728	2.91%
Total	6,862	24,988	100%

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Historical Net Earnings, Cash Flow, and Debt Service Coverage June 30, 2008

Fiscal Years Ended June 30	Operating Revenues	Operating Expenses Exclusive of Depreciation	Net Operating Income (Loss)	Other Non- operating Income (I)	Annual Income Available for Debt Service	Annual Revenue Debt Service Requirements	Annual Coverage
1999	\$ 4,287,752	\$ 2,948,960	\$ 1,338,792	\$ 152,210	\$ 1,491,002	\$ 194,519	7.67
2000	4,355,092	2,728,037	1,627,055	209,367	1,836,422	209,313	8.77
2001	3,885,071	3,299,632	585,439	454,617	1,040,056	250,916	4.15
2002	3,830,999	2,988,262	842,737	261,808	1,104,545	584,323	1.89
2003	4,112,139	4,079,550	32,589	181,807	214,396	630,496	0.34
2004	4,007,523	4,413,105	(405,582)	183,034	(222,548)	763,629	(0.29)
2005	4,523,148	4,463,250	59,898	251,133	311,031	401,933	0.77
2006	4,558,523	4,255,169	303,354	504,551	807,905	381,296	2.12
2007	4,696,657	4,310,669	385,988	52,093	438,081	262,789	1.67
2008	4,594,730	4,430,308	164,422	26,241	190,663	420,079	0.45

(I) Nonoperating income except connection fees net of nonoperating expenses other than interest expense

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Water Usage and Revenue of the Ten Largest Customers June 30, 2008

Customer	Usage in Dollars	Volume of Water Used (in 100 cubic feet)
Lochmoor Club	\$ 99,447	27,198
Grosse Pointe North High School	48,236	13,360
Children's Home of Detroit	16,846	4,459
Sunrise Development	14,395	3,751
Pointe Plaza LTD	9,832	2,347
Original Pancake House	9,683	2,655
Curis Big Boy	11,965	2,751
St. John Hospital	4,875	1,035
Trattoria Corporation	7,339	2,028
Kroger Corporation	7,237	1,573

Source: City of Grosse Pointe Woods financial reports

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Metered Water Rates June 30, 2008

Fiscal Year 2007-2008

Meter Size	Residential	Commercial*
5/8"	\$ 20.00	\$ 6.37
3/4"	20.00	9.56
1"	27.87	15.93
1 1/2"	35.85	35.04
2"	57.84	50.96
3"	219.03	92.37
4"	278.76	127.40
6"	418.13	191.10
8"	577.41	318.50
10"	1,160.87	445.90
Billing Charge	1.70	1.70
Capital Improvement Charge	8.00	8.00
Water Rate per 100 cubic feet used	1.00	1.04
Sewer Rate per 100 cubic feet used	2.30	2.35

*Commercial rate includes churches, schools, and government

City of Grosse Pointe Woods, Michigan

Report to the City Council

June 30, 2008

To the City Council
City of Grosse Pointe Woods, Michigan

We have recently completed our audit of the basic financial statements of the City of Grosse Pointe Woods, Michigan (the "City") for the year ended June 30, 2008. In addition to our audit report, we are providing the following report on internal control, results of the audit, and informational comments which impact the City:

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Report on Internal Control	I-5
Results of the Audit	6-8
Informational - Legislative Matters, etc.	9-13

We are grateful for the opportunity to be of service to the City of Grosse Pointe Woods, Michigan. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

January 14, 2009

Report on Internal Control

January 14, 2009

To the City Council
City of Grosse Pointe Woods, Michigan

Dear Council Members:

Beginning with last year's audit, national auditing standards call for auditors to communicate matters to the governing body that may be useful in its oversight of the City's financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards is to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this report on internal control will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the basic financial statements of the City of Grosse Pointe Woods as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

Bank and Investment Reconciliations - Bank reconciliations for the vast majority of City bank accounts were not prepared until after the close of the City's June 30, 2008 fiscal year. Plante & Moran had noted the lack of timely bank reconciliations in last year's audit letter. The longer it takes to reconcile bank statements after the end of each month, the more difficult it becomes to prepare reconciliation. To assist in the facilitation of this process, a member of Plante & Moran's client accounting services team was utilized to provide guidance and support to the City personnel assigned with this responsibility. During the completion of these reconciliations, it came to our attention that the process for reconciliation previously employed by the City resulted in a historically understated cash balance of approximately \$370,000 in the General Fund. Furthermore, numerous current year cash transfers between various City accounts needed to be reconciled and properly recorded in the general ledger. We recommend that bank reconciliations be prepared within three weeks after the end of the previous month and that these reconciliations be reviewed and approved by a person independent of the reconciliation process.

We would also like to note that the June 2007 through February 2008 bank reconciliations for the payroll and cash disbursements bank reconciliations were not available for audit review as the client was unable to locate them. The corresponding bank statements for this period were available and provided to us during the audit.

We recommend that additional controls over investment procedures be put into place. There should be a level of approval over the city comptroller before being allowed to physically transfers funds from one account to another. Also, the city comptroller should review all investment reconciliations monthly that are prepared by the water and sewer accountant. These added controls help to provide additional oversight over the City's investments.

Fund Balance Reconciliation - During fiscal year 2008, the City purchased new accounting software. During this conversion process, several entries were erroneously recorded to fund balance accounts in numerous funds of the City. As a result, audit entries were proposed by Plante & Moran and posted by the City. We recommend that the City implement a process by which fund balance is reconciled from the general ledger to the financial statements at the end of each fiscal year.

Year-end and Month-end Accrual Adjustments - As in the prior year, Plante & Moran proposed and made numerous adjustments to balances recorded for state-shared revenue receivable, accrued interest receivable and payable, interest income allocation, customer receivable reconciliation, accrued cable receivable, capital assets, accounts payable, retainage payable, and fund balance (for previous year entries not posted). While in certain instances, the City's detailed calculation reflected the proper balances in these accounts, the general ledger balances related to these accounts were not properly adjusted. We recommend that the City put a process in place in which a review of all month-end and year-end accruals are completed and reconciled to the general ledger. The following items provide more detail to a few of the items above.

Interest Income Allocations - Plante & Moran proposed various adjustments to properly allocate interest earnings between various funds. As part of the City's month-end closing procedures, we recommend that a standard journal entry be prepared to properly allocate interest earnings.

Interfund Receivables and Payables - Plante & Moran proposed adjustments to interfund balances that the City will post to the general ledger in fiscal year 2008. We recommend that the City implement a monthly process in which interfund receivables and payables are paid off.

Customer Receivable Reconciliation - We noted that the water and sewer subsidiary ledger is not being reconciled to the general ledger on a monthly basis. At June 30, 2008, the ledger was reconciled to the general ledger. However, for added controls over this process, we recommend that this receivable account be reconciled every month from the subsidiary ledger to the general ledger.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

Retiree Health Care Fund - During the year, it came to the attention of the finance department that the initial set up of the Retiree Health Care Fund did not follow the appropriate guidelines. In years prior to the year ended June 30, 2007, a portion of contributions intended for the Pension Trust Fund was recorded in the Retiree Health Care Fund. Upon discovery of this, the City took the necessary actions to correct this fund and audit entries were proposed and posted by the City to close out the Retiree Health Care Fund. The physical transfer of the cash back to the appropriate funds occurred in fiscal year 2009.

Parkway Beautification and Tax Collection Fund - As noted in our prior year letter, the Parkway Beautification Fund accounts for the activity of the boards and commissions. During the year, the City maintained the revenue and expense detail for one of the commissions on an excel spreadsheet while no detail was maintained for the rest of the boards and commissions. On the City's general ledger, this activity was accounted for as a Trust and Agency Fund. Generally accepted accounting principles require that this activity be classified as a Special Revenue Fund. As a result, an audit entry was proposed by Plante & Moran and posted by the City.

The Tax Collection Fund accounts for all of the taxes collected and distributed during the year. On the City's general ledger, the activity was accounted for as a Special Revenue Fund. Under generally accepted accounting principles, the fund should be classified as a Trust and Agency Fund. As a result, an audit entry was proposed by Plante & Moran and posted by the City.

Long-term Debt - The City has a system in place to expense payments on long-term debt when invoices are received. According to generally accepted accounting principles, in an Enterprise Fund, when a principal payment is received, the liability for the debt should be relieved and an expense should not be recorded. Typically, the City records the principal payment on the debt appropriately by performing a year-end entry to reduce the principal expense and reduce the long-term debt liability. In the current year, this year-end entry was not recorded. This resulted in expenses and long-term debt being overstated in the books and records. Plante & Moran proposed an entry and the City posted it to properly reduce the debt balance. We recommend that the City implement a year-end review of its debt balances to ensure that the principal payments have been appropriately applied against the debt balance.

We also noted that the City did not calculate the revenue bond covenant for compliance. This should be done yearly. The City does have enough money in its combined cash accounts; however, the City should consider transferring over the required amount into a separate cash account in order to more properly comply with the revenue bond covenant.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. We consider the following items to be control deficiencies:

Pension Contributions - Subsequent to the City's conversion to its new accounting software package, cash transfers for required pension contributions were not made in accordance with actuarial provisions. Plante & Moran prepared a journal entry to appropriately reflect these required contributions.

Pension System Reserves - The finance department noted that the pension ordinance calls for the tracking of certain reserve funds. We recommend that the City discuss the pension ordinance with the city attorney and the actuary in order to get the City started on the tracking of these reserves in an appropriate manner.

January 14, 2009

Cost Allocations - Currently, the City allocates various expenses between different funds. The finance staff is unable to locate any detailed explanations or calculations behind these allocations. We encourage the City to look into all expense allocations between funds and ensure that the appropriate reasons and calculations are documented and maintained by the City.

Budget Amendments - It is our understanding that currently the City does not amend its budget during the current year. As its environment is constantly changing, an added management tool is constant monitoring of the budget to actual results and amending the budget during the year to react to current changes that were not known at the time of the adoption of the budget.

Journal Entries - During the audit, we noted that no one reviews the comptroller's and assistant comptroller's manual journal entries. Also, no documentation for manual journal entries was kept or available for several entries that were chosen for testing. We recommend that the City implement a procedure whereby detail is kept for all manual journal entries and that all manual journal entries are reviewed by an individual independent of the preparation of the entry. This allows for additional segregation of duties and oversight over manual adjustments to the City's books and records.

Payroll Controls - During our internal control testing, we noted that two individuals have the ability to add new employees to the payroll system and also change pay rates in the system. Currently, no one reviews the payroll registers for propriety. We recommend that someone without access to make changes to payroll, periodically reviews the payroll register for propriety and randomly selects individuals to ensure that they are employees of the City and are being paid the appropriate amount.

This communication is intended solely for the information and use of management, the council, and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink, appearing to read "Mark R. Hurst", with a stylized flourish at the end.

Mark R. Hurst

A handwritten signature in black ink, appearing to read "Pamela L. Hill", with a stylized flourish at the end.

Pamela L. Hill

Results of the Audit

January 14, 2009

To the City Council
City of Grosse Pointe Woods, Michigan

We have audited the financial statements of the City of Grosse Pointe Woods, Michigan for the year ended June 30, 2008 and have issued our report thereon dated January 14, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 4, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the City of Grosse Pointe Woods, Michigan. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 4, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Grosse Pointe Woods, Michigan are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2008.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

In performing the audit, we encountered several items that led to difficulties in our completion of the audit. The bank reconciliations were not prepared timely and were not available at the start of the audit for review. The June 2007 through February 2008 bank reconciliations for the payroll and cash disbursements bank accounts were not available for audit review as the City was unable to locate them. Also, as a result of the City's transition to a new software system and new finance personnel, numerous auditor-related adjustments were necessary to the City's general ledger in order to present numbers in a material manner as of June 30, 2008.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. See pages 2-5 for detail description of the material misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management's Representations

We have requested certain representations from management that are included in the management representation letter dated January 14, 2009.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the City Council
City of Grosse Pointe Woods, Michigan

January 14, 2009

This information is intended solely for the use of the city council and management of the City of Grosse Pointe Woods, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Mark R. Hurst". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark R. Hurst

A handwritten signature in black ink that reads "Pamela L. Hill". The signature is written in a cursive style with a large, stylized "P" and "H".

Pamela L. Hill

Informational

Informational

FACT Act - Potential Impact on Municipal Utility Systems

The Fair and Accurate Credit Transactions (FACT) Act was passed in 2003, with final regulations published at the end of 2007. The FACT Act will be effective May 1, 2009. These FTC rules, and more specifically the Red Flag Rules encompassed in them, may be applicable to municipal utility systems. The rules, put in place as a measure to protect against identity theft, indicate that a “creditor” with a “covered account” must implement a written identity theft prevention program to detect, prevent, and mitigate identity theft in connection with the opening of a covered account or any existing covered account.

Under the rules, a creditor is defined very broadly, encompassing any entity that defers payment for goods and services, as defined under the Red Flag Rules. This most likely includes municipalities that “defer payments” by their utility customers when water, sewer, electric, gas, trash, and the like are sold to customers day by day but paid for at the end of the billing cycle.

The act would require written policies and procedures to be put in place to identify and follow up on red flags. Red flags, as an example, would be the presentation by the customer of suspicious personal information that is inconsistent with external sources or suspicious documents provided for identification that appear to be altered. The regulations appear to be flexible so that each government would have the ability to design an identity theft program that is tailored to its particular operation, given its size, technology currently utilized, and the perceived risk of identity theft in its community.

We encourage you to follow up with legal counsel if you believe this act may apply to your governmental unit.

Property Tax Developments

The front page story several months ago is now old news. For many communities in Michigan, the challenging real estate market will negatively change the taxable value trends of recent years. Many communities saw modest declines in their 2008 taxable values, and if the downward trend in the housing market continues, the impact will be larger next year. How it will actually play out in each community and over what period of time remains to be seen. While each community will need to carefully determine the impact of the current environment on its budget, there are also several pieces of legislation in Lansing that will impact property taxes going forward. Examples include:

- House Bill 4215 (Public Act 96 of 2008) allows property owners to obtain two principal residence exemptions in certain situations. The bill was designed for situations where a homeowner has purchased a new home and is unable to sell the existing home. The dual exemption only applies if certain conditions are met (i.e., the property previously occupied is for sale, not occupied, not leased or available for lease, etc.).
- A series of bills were introduced in March 2007 as part of a package to stimulate home sales (House Bills 4440, 4441, and 4442). The lead bill of that package, House Bill 4440, establishes an 18-month moratorium on the “pop-up” or “uncapping” of taxable value to state equalized value at the time of sale or transfer of a property. Property sales or transfers occurring in the timeframe of the moratorium would continue to pay property taxes at the previous taxable value amount. The “pop-up” or “uncapping” of taxable value would be delayed until the property was sold or transferred in later years. House Bill 4440 actually passed the House in March 2007 and is currently in the Michigan Senate.
- Many property owners continue to struggle with the concept that their individual taxable values actually increased during a time that overall property values - and even their individual property values - have fallen. As we all have re-learned in recent months, that is a constitutional requirement that changed with Proposal A in 1994. It may be helpful to remember the principle behind Proposal A - its purpose was to disconnect taxable values from market value increases, and instead limit the growth in taxable values to the lesser of 5 percent or inflation, until that point that the property transfers ownership. Now that the market values are declining in many areas, Proposal A continues to stay disconnected and allows the taxable value to increase by the lesser of 5 percent or inflation (up until the point that it re-connects with market values).

Fairly or not, this year, many property owners said it did not feel right when they saw their taxable value increase by inflation when market value did not. This has led to a discussion as to whether a third variable, called “change in market value,” needs to be added to the Proposal A formula. In what some are calling a “super cap,” the Proposal A formula to determine annual increases in taxable value (if property is not sold or transferred) would be the lesser of three components: inflation, change in market value, or 5 percent. Therefore, if the market value of the parcel was either flat or declining - even if the taxable value of the particular parcel was less than state equalized value - there would be no annual increase. To date, a proposal to accomplish this change has not moved through the legislature. A change of this nature would impact local government budgets.

- As part of the changes to the single business tax last year and the introduction of the Michigan business tax, changes were also made to the calculation of tax rates applicable to industrial and commercial personal property taxes. As advertised, industrial personal property taxpayers received a reduction of the school operating mills (up to 18 mills) and the 6 mill state education tax. Commercial personal property taxpayers received a reduction of up to 12 school operating mills. However, if your community has a school district with “hold harmless” school mills, you must add back any hold harmless millage prior to computing the total mills to be levied. This may generate questions from commercial and industrial taxpayers.
- A Michigan Supreme Court case has changed how local governments can treat public service improvements by developers. Leading up to the court case, as private property owners or developers installed public service improvements (i.e., street lights, water and sewer lines, etc.) there was normally an increase in their property tax assessment. The Michigan Supreme Court upheld a Court of Appeals ruling that the installation of public service improvements does not constitute a taxable addition.

Recent Revisions to State Transportation Funding Program

Current legislation modified Act 51 to allow local governments to transfer monies from their Major Streets Fund to their Local Streets Fund at a level of 50 percent of annual major street funding received. In addition, greater than 50 percent can be transferred. However, the amended law requires that certain conditions be met to allow for a transfer in excess of 50 percent, including the adoption of an asset management process for the major and local streets systems as well as a detailed resolution passed by the City. It is important to note that major street monies transferred for use on local streets cannot be used for construction but may be used for preservation. Current legislation also includes a pilot program that would allow for the combination of the Major Streets Fund and the Local Streets Fund if certain conditions are met.

We would like to thank the Council for the opportunity to serve as auditors for the City. We would also like to express our appreciation for the courtesy and cooperation extended to us by the administration during the audit. If you would like to discuss any of these matters, or would like assistance in their implementation, please contact us.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Mark R. Hurst". The signature is written in a cursive style with a prominent, sweeping flourish at the end.

Mark R. Hurst

A handwritten signature in black ink that reads "Pamela L. Hill". The signature is written in a cursive style with a large, stylized "P" and "H".

Pamela L. Hill